

Annex F

West Transmission Limited

Proposed Licence Modifications

This Annex sets out the Licence modifications for the gas conveyance licence held by West Transmission Limited.

Proposed deletions are indicated by ~~red text~~ which has been struck through. Proposed additions are indicated by red text which has been underlined.

Where text is proposed to be moved from a place and to another place, this has been indicated by green font and:

- ~~double strike through~~ for text moved from a place;
- double underlining for text moved to a place, and additional simple strike through where such text is proposed to be modified.

This Annex only includes those provisions (in whole or in part) to which modifications have been proposed.

PART 1: GENERAL CONDITIONS APPLICABLE TO THE LICENCE HOLDER

Condition 1.1: Interpretation and Construction

1.1.1 Interpretation Act (Northern Ireland) 1954 and Gas (Northern Ireland) Order 1996

Unless the contrary intention appears:

- (a) words and expressions used in this or any of the following Parts of the licence or in the Schedules hereto shall be construed as if they were in an enactment and the Interpretation Act (Northern Ireland) 1954 applied to them;
- (b) references to an enactment shall include subordinate legislation and in both cases any statutory modification or re-enactment thereof after the date when the licence comes into force; and
- (c) words and expressions defined in the Gas (Northern Ireland) Order 1996 or the Energy (Northern Ireland) Order 2003 shall have the same meaning when used in this or any of the following Parts of the licence or in the Schedules hereto.

1.1.2 General Rules of Construction

Unless otherwise specified:

- (a) any reference to a numbered Part or Schedule is a reference to the Part or Schedule bearing that number;
- (b) any reference to a numbered Condition is a reference to the Condition bearing that number in the Part in which the reference occurs and within any Condition a reference to "this Condition" shall be to the whole of the Condition under its heading;
- (c) any reference to "the Conditions" means the Conditions to which the licence is subject and references to "any Conditions" and to any cognate expression shall be construed accordingly;

- (d) any reference to a numbered paragraph is a reference to the paragraph bearing that number in the Part, Condition or Schedule in which the reference occurs; and
- (e) (without prejudice to any provision which restricts such variation, supplement or replacement) any reference to any agreement, licence (other than this licence), code or other instrument shall include a reference to such agreement, licence, code or other instrument as varied, supplemented or replaced from time to time.

1.1.3 Headings

The heading or title of any Part, Condition, Schedule or paragraph shall not affect the construction thereof.

1.1.4 Time Related Obligations

Where any obligation of the Licensee is expressed to require performance within a specified time limit that obligation shall continue to be binding and enforceable after that time limit if the Licensee fails to perform that obligation within that time limit (but without prejudice to all rights and remedies available against the Licensee by reason of the Licensee's failure to perform within the time limit).

1.1.5 Natural Persons

These Conditions shall have effect as if, in relation to a licence holder who is a natural person, for the words "it", "its" and "which" there were substituted the words "he", "his" or "whom" and cognate expressions shall be construed accordingly.

1.1.6 Definitions

Except where expressly stated to the contrary and unless the context otherwise requires, the following terms shall have the meanings ascribed to them below:

"affiliate"	means, in relation to any person, any company which is a subsidiary of such person or a company of which such person is a subsidiary or a company which is another
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subsidiary of a company of which such person is a subsidiary;

"amount"

means, in relation to gas, the energy content thereof expressed in kilowatt hours;

"Approved Business"

means:

- (a) the Licensed Business; and
- (b) any other activities and matters (including any social enhancement projects) approved by the Authority from time to time;

"auditors"

means the Licensee's auditors for the time being holding office in accordance with the requirements of the Chapter 2 of Part 16 of the Companies Act 2006;

"authorisation of persons"

means the power of the Licensee to authorise persons, pursuant to Schedule 5 of the Order;

"Authority"

means the Northern Ireland Authority for Utility Regulation;

"balancing"

means (in relation to the Network Code and relevant period for balancing under the Network Code) taking such measures as may be available to the Licensee, in particular measures:

- (a) for managing the relationship between deliveries of gas to and offtakes from the Network during that period; and
- (b) to maintain pressures in the Network at all levels,

which in the reasonable opinion of the Licensee ensure the safety and efficiency of the Network in that or any subsequent relevant period;

"company"	means a company within the meaning of section 1(1) of the Companies Act 2006 or any other body corporate;
"consumer"	means any person supplied with gas to premises;
"conveyance charges"	means the charges made by the Licensee for the conveyance of gas;
"conveyance services"	means all services provided by the Licensee of conveying gas to, through and within the Licensed Area;
"Department"	means the Department for the Economy;
"designated pipe-lines"	means any pipe-line designated by the Department in the exercise of powers conferred upon it by Article 59 of the Energy Order;
"distribution system operator"	means any person authorised to convey gas through local or regional pipe-lines by virtue of holding a licence granted under Article 8(1)(a) of the Order;
"domestic consumer"	means a consumer supplied, or requiring to be supplied, with gas at Domestic Premises;
"domestic premises"	means premises where the supply of gas is taken wholly or mainly for domestic purposes;
"Energy Order"	means the Energy (Northern Ireland) Order 2003;
"Exclusive Area"	means the Licensed Area;
"exemption holder"	means the holder of an exemption under Article 7 of the Order;

"exercise of powers of entry" means the Licensee entering any premises, in accordance with the powers conferred by Schedule 5 of the Order;

"First Operational Commencement Date" means:
the date specified in any direction issued by the Authority following consultation with the licence holder, as being the date on or from which the Network is deemed to be operational,

"Gas Delivery Facility" means any building, structure, facility or pipe-line from which gas is, or may be, introduced into the Network, but excluding:

(i) any pipe-line or pipe-line system from which gas is or may be conveyed by any person holding a licence granted (or treated as granted) under Article 8(1)(a) of the Order;

(ii) any LNG Facility; and

(iii) any Storage Facility;

"Gas Delivery Facility Operator" means any person that owns and/or operates a Gas Delivery Facility;

"Gas Delivery Point" means a point on the Network at which gas is, or may be, introduced into the Network from a Gas Delivery Facility;

"gas supplier" means any person authorised by licence under Article 8(1)(c) of the Order or by exemption under Article 7 of the Order to supply gas including the Licensee as so authorised or exempted;

"Gas Year" means the period of time beginning at 05:00 hours on 01 October in any calendar year and ending at 05:00 hours on 01 October in the next succeeding calendar year;

"Grant"	means the commencing section of this licence by which the Authority grants the Licensee the licence;
"high pressure pipe-line"	means any pipe-line having a design operating pressure exceeding 7 bar gauge;
"information"	includes documents, accounts, estimates, returns, reports or other information;
"licence"	means the Grant together with the Conditions and the Schedules;
"Licensed Area"	means the area in which the Licensee is authorised to convey gas in accordance with Schedule 1;
"Licensed Business"	means the business of the Licensee in developing, constructing, operating and maintaining the Network and in the conveyance (or participation in the conveyance) of gas through the Network and all activities and matters connected thereto (including, without limitation, the entering into and performance of the financing documents which will be entered into by the Licensee in order to raise finance or refinance for such business);
"Licensee"	means the person referred to as such in the Grant and /or any person to whom the Licence is subsequently assigned in accordance with the Order, the Energy Order or the Licence;
"LNG Facility"	means a facility or terminal used for the liquefaction of gas or the importation, offloading and re-gasification of LNG and includes ancillary services and temporary storage for the re-gasification process and delivery to the gas conveyance system comprising of high pressure pipe-lines

but does not include any part of the facility used for the storage of gas;

"low pressure pipe-line" means any pipe-line which is not a high pressure pipe-line;

"Network" means the network of high pressure pipe-lines within the Licensed Area that are owned and/or operated by the Licensee (and shall also include any plant, equipment or apparatus used for, or for any purposes connected with, the conveyance of gas through such pipe-lines) which pipe-lines shall, in the case of conveyance to consumer's premises and for the purposes of this definition be deemed to terminate immediately prior to the inlet to the first gas meter at such premises;

"Network Code" means the Single Network Code prepared under and in accordance with Condition 2.4D;

"non-domestic consumer" means a consumer who is not a domestic consumer;

"non-domestic premises" means premises which are not domestic premises;

"operational" means in relation to any pipe-line that the pipe-line is in all respects complete and ready for gas to be conveyed through it and that, in so far as it lies within the Licensee's control, all necessary commissioning tests in respect of the pipe-line (as distinct from facilities to which such pipe-line is connected) have been successfully completed;

"Order" means the Gas (Northern Ireland) Order 1996;

"owned"	means in relation to any gas meter title in or control over a meter and includes meters leased to a person;
"person"	means any company, firm, partnership, association, body corporate or individual;
"postalisation"	means the application of a system of uniform common tariffs for the conveyance of gas through a designated pipe-line, irrespective of the proportion of any such pipe-line used;
"Reasonable and Prudent Operator"	means a person acting in good faith with the intention of performing its obligations under the Licence and who in so doing and in the general conduct of its undertaking, exercises that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be exercised by a skilled and experienced operator complying with applicable law and engaged in the same type of undertaking and under the same or similar circumstances and conditions.
"related undertaking"	means any undertaking in which any person has a participating interest within the meaning of section 421A of the Financial Services and Markets Act 2000;
"separate accounts"	means the accounts which are to be prepared for each Separate Business;
"Separate Business"	means, each of the activities of the Licensee connected with: (a) the conveyance of gas by means of a high pressure pipe-line pursuant to a licence granted in accordance with Article (8)(1)(a) of the Order;

- (b) the conveyance of gas by means of a low pressure pipe-line pursuant to a licence granted in accordance with Article (8)(1)(a) of the Order;
- (c) the storage of gas pursuant to a licence granted in accordance with Article 8(1)(b) of the Order; and
- (d) the supply of gas pursuant to a licence granted in accordance with Article 8(1)(c) of the Order;

each taken separately from one another and from any other business of the Licensee or any affiliate or related undertaking of the Licensee, but so that where all or any part of any such business is carried on by an affiliate or related undertaking of the Licensee (save in respect of an affiliate or related undertaking which has a separate licence or exemption), such part of the business as is carried on by that affiliate or related undertaking shall be consolidated with any other such business of the Licensee (and of any other affiliate or related undertaking of the Licensee) so as to form a single Separate Business;

"Storage Facility"

means a facility used for the storage of gas and includes any part of a LNG Facility used for storage but does not include:

- (a) any part of the facility that is used for production of gas; and
- (b) any facility which is reserved exclusively by or for the Licensee in carrying out functions authorised by the Licence;

"subsidiary"

has the same meaning as given to it in section 1159 of the Companies Act 2006;

"transportation arrangements" means the arrangements which licence holders or exemption holders may have with the Licensee to have gas introduced into, conveyed by means of and taken out of the Network; and

"working day" means any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday within the meaning of the Banking and Financial Dealings Act 1971.

1.1.7 Singular/plural

The terms defined under Condition 1.1.6 shall include the singular and the plural, as the context requires.

1.1.8 Application

The Conditions shall only apply to the activities of the Licensee carried out in Northern Ireland.

Condition 2.3: Connection Charges and Obligation to Connect

Part A – Connection Charges – Charging Methodology Statements

2.3.1 Statement of connection charges and terms for connection ~~(other than of Gas Delivery Facilities)~~-to the Network

The Licensee shall, no later than three months after this Condition takes effect, prepare and submit to the Authority for approval as to form and content, a statement **(Connection Charging Methodology Statement)** showing the methods by, and the principles on, which charges are to be determined by the Licensee, for, connecting to, and disconnecting from, the Network:

- (a) subject to and in accordance with the requirements of Condition ~~2.3.13~~ 2.3.8, any premises;
- (b) any non standard gas meter and any gas meter that is ~~owned or~~ not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and is located in any premises;
- (c) any pipe-line system:
 - (i) to or from which gas is or may will be conveyed by means of the Network by any person holding a licence granted (or treated as granted) under Article 8(1)(a) of the Order;
 - (ii) other than a pipe-line system that is part of a Storage Facility or LNG Facility

(Pipe-Line System); and

- (d) any Storage Facility or LNG Facility,

and in each case the statement shall include:

- (~~ie~~) the methods by, and principles on, which charges are to be determined by the Licensee for maintaining, repairing or modifying any connection between (i) the Network and ~~(ii)~~ any premises or ~~pipe-line system~~ Pipe-Line System,

Storage Facility or LNG Facility, including without limitation in the case of a connection between the Network and any premises, removing any gas fittings that are owned by the Licensee and comprised in the connection; and

- (iii) the Licensee's other terms for such a connection, and an explanation of those terms together with the Licensee's technical design and operational requirements which shall apply to the making of any particular, or particular type of, connection.

2.3.2 Explanation of connection charging methodology for introducing gas to the Network Statement of connection charges and terms for connection of Gas Delivery Facilities to the Network

- (a) Condition 2.3.2(b) applies where the Authority has, pursuant to this Condition 2.3.2(a), issued to the Licensee a direction describing or specifying a particular category or type of Gas Delivery Facility, which category or type may be described or specified by reference to the type or blend of gas which may be introduced into the Network from such a Gas Delivery Facility.
- (b) Where this paragraph applies, the Licensee shall, in accordance with the requirements specified in the direction (which requirements may, without limitation, relate to timings) prepare and submit to the Authority for approval as to form and content, a statement showing, so far as reasonably practicable, the methods by, and the principles on, which charges are to be determined by the Licensee for making, maintaining, repairing or modifying a connection to the Network of that category or type of Gas Delivery Facility (a **GDF Connection Charging Methodology Statement**).

~~The Licensee shall comply with any direction given by the Authority to submit a statement to the Authority for approval showing, so far as reasonably practicable, the methods by which and the principles on which charges are to be made by the Licensee for making a connection for the purposes of introducing gas into the Network and, in the context of making such a connection, for:~~

(a) ~~modifying apparatus and works associated with a pipe line so as to increase the capacity of a pipe line; or~~

(b) ~~supplying and installing any pipe line or works,~~

~~including where practicable an indication of likely costs and other terms for the making of such a connection.~~

Part B – Connections (except in respect of Gas Delivery Facilities) – Other Requirements

2.3.3 Other ~~requirements-provisions~~ to be included in the ~~statement~~ Connection Charging Methodology Statement

~~A statement~~ The Connection Charging Methodology Statement submitted to the Authority by the Licensee under Condition 2.3.1 shall:

(a) subject to Condition ~~2.3.12~~ 2.3.7, clearly distinguish between ~~eases-persons~~ and classes of ~~eases-of~~ person for whom the Licensee proposes different methods by, or principles on which charges are to be determined for connection; and

(b) in respect of any such ~~easeperson~~, or classes of ~~person~~ eases, show that element of connection costs the Licensee proposes to recover by way of conveyance charges to gas suppliers, including any Separate Business engaged in the supply of gas.

2.3.4 The ~~statement~~ Connection Charging Methodology Statement- to give likely indication of costs

~~A statement~~ The Connection Charging Methodology Statement submitted to the Authority by the Licensee under Condition 2.3.1 shall:

(a) where practicable, indicate ~~for the Authority's information~~ the costs likely to arise in respect of work done and materials used in connecting any premises, gas meter (including a non standard gas meter, or a gas meter owned or not owned by the Licensee), ~~pipe-line system~~ Pipe-Line System, Storage Facility or LNG Facility;

(b) include such information as will reasonably enable any person to estimate the

Licensee's connection charges in connecting any premises, gas meter (including a non standard gas meter, or a gas meter owned or not owned by the Licensee), ~~pipe-line system~~Pipe-Line System, Storage Facility or LNG Facility; and

- (c) include such information as will reasonably enable any person requesting a connection to the Network to determine the works and/or other actions he would need to undertake, including, without limitation, any work or action required to comply with the Licensee's technical design and operational requirements, in order for the connection to be made.

~~2.3.5~~ Authority's approval

~~The Authority shall, in approving the Licensee's basis for charging for connection as set out in the statement submitted to it by the Licensee under Condition 2.3.1, have regard to the need of the Licensee to be able to finance the carrying on of its activities and obtain a return equal to that which is, in the reasonable opinion of the Authority, appropriate.~~

~~2.3.6~~ Publication of and compliance with statement

~~The Licensee shall:~~

- ~~(a) put in place and comply with the statement, as approved by the Authority under Condition 2.3.5;~~
- ~~(b) publish each approved statement in such manner as will secure adequate publicity for it; and~~
- ~~(c) send a copy of any such statement to any person who requests one.~~

~~2.3.7~~ Direction by the Authority

~~Where the Authority determines that it is necessary for the Licensee to revise:~~

- ~~(a) the methods and principles on which it has determined the charges and other terms for connection in the latest published statement; and/or~~

- ~~(b) the charges and other terms for connection it has determined and included in the latest published statement;~~
- ~~(c) in order to ensure that they are (or continue to be) proportionate and applied in a non-discriminatory manner, the Authority may direct the Licensee to revise its methods, principles, charges or terms (as the case may be) in accordance with the provisions of the direction.~~

~~2.3.8~~ Revising connection charges

~~Without prejudice to Condition 2.3.7, the Licensee shall:~~

- ~~(a) periodically, and on each occasion Condition 2.3 is modified, review its published statement for compliance with the Licensee's obligations under the Licence and propose, and submit to the Authority for approval, any changes necessary in light of the review;~~
- ~~(b) not revise the basis of its charges for a connection of any premises, gas meter (including a non standard gas meter, or a gas meter owned or not owned by the Licensee), pipe-line system, Storage Facility or LNG Facility, or the other terms for connection, without first giving the Authority a revised statement in the same terms as Condition 2.3.1 and, where such revision is other than any increase in the Retail Prices Index, obtaining Authority's approval to such a revision.~~

~~2.3.9~~ Compliance with a Direction

~~The Licensee shall comply with the requirements of any direction issued by the Authority under Condition 2.3.7 and shall publish any revised statement as soon as reasonably practical in accordance with Condition 2.3.6.~~

~~2.3.10~~ 2.3.5 Connection and Quotation Requests

The Licensee shall:

- (a) within ~~28 days~~6 months of receiving a request from any person for a connection to the Network in respect of ~~a gas meter (including a non standard gas meter, or a gas meter owned or not owned by the Licensee), pipe-line system~~ Pipe-Line System, Storage Facility or LNG Facility or ~~to introduce gas into the Network,~~ ~~or~~ for a quotation of connection charges likely to apply in respect of a connection to the Network, provide that person with a specific statement of the connection charges, and other terms of connection, applicable to the request;
- (b) within 10 days of receiving a request for a connection to the Network from any person requesting a connection ~~in respect of any type of~~ of a premises ~~not included within paragraph (a) above (including any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and is located in any premises):~~

 - (i) inform that person that the approval of the Authority is required to the making of the connection; and
 - (ii) submit a copy of the connection request to the Authority, together with such supporting information as the Authority may reasonably require for the purposes of its approval decision;

- (c) where following receipt of the information referred to in paragraph (b)(ii) above the Authority gives its approval to the making of the requested connection of a premises (including any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and is located in any premises), within 28 days of receiving the Authority's approval provide the person requesting the connection with a specific statement of the connection charges, and other terms of connection, applicable to the request.

2.3.112.3.6 Treatment of Request for Connection and Quotation

For the purposes of Conditions ~~2.3.10~~ 2.3.5 (a) and (b) and the Licensee's obligation to provide a specific statement of connection charges, a request for a connection to the

Network and quotation of the applicable connection charges shall be treated as such if it is in such form that it can be reasonably expected of the Licensee to provide a specific statement of connection charges in response to it.

~~2.3.12~~ 2.3.7 Prohibition on undue discrimination in relation to connections

The Licensee shall not show any undue preference towards or undue discrimination against any person or ~~cases or~~ classes of ~~cases of~~ person (including any other business of the Licensee):

- (a) seeking, and entitled pursuant to the provisions of Condition ~~2.3.14~~ 2.3.9, a connection to be made between their premises (including any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and is located in their premises) and the Network;
- ~~(b) seeking a connection to be made between a non standard gas meter, or a gas meter owned or not owned by the Licensee (or any affiliate or related undertaking of the Licensee), and the Network;~~
- ~~(c)~~ (b) that own or operate (or proposes to own or operate) a ~~pipe-line system~~ Pipe-Line System, a Storage Facility or an LNG Facility and seek a connection of that system or facility to the Network;
- ~~(d) seeking a connection for the purposes of introducing gas to the Network.~~

~~2.3.13~~ 2.3.8 Connection of Premises – Requirement for Authority Approval

The Licensee shall not make or agree to make a connection between any premises ~~(other than any premises which may constitute a Storage Facility or LNG Facility)~~ (including any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and is located in any premises) and the Network without the prior written approval of the Authority to the making of that connection.

2.3.142.3.9 Requests for Connection of premises – Obligation to Connect

Where:

- (a) the Authority gives approval to the making of a connection between a premises (including any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and is located in any premises) and the Network (the '**relevant premises**'); and
- (b) the person seeking the connection is willing to pay the Licensee's charges for connection and comply with the Licensee's other terms for connection, including in relation to compliance with any technical and safety criteria contained in the Network Code and the Licensee's technical design and operational requirements (the '**relevant terms**'),

the Licensee shall make the connection between the relevant premises and the Network in accordance with the applicable legislation and relevant terms or permit the connection to be made (as the case may be).

2.3.152.3.10 Connection of other systems and facilities ~~(excluding Gas Delivery Facilities)~~ – Obligation to Connect

Where the person seeking a connection to the Network of any ~~gas meter (including a non-standard gas meter, or a gas meter owned or not owned by the Licensee), pipe-line system~~Pipe-Line System, Storage Facility or LNG Facility ~~or seeking a connection for the purposes of introducing gas to the Network,~~ is willing to pay the Licensee's charges for connection and comply with the Licensee's other terms for connection, including in relation to compliance with any technical and safety criteria contained in the Network Code and the Licensee's technical design and operational requirements (the '**relevant terms**'), the Licensee shall make the connection requested in accordance with the applicable legislation and relevant terms or permit the connection to be made (as the case may be).

2.3.162.3.11 No obligation to connect ~~premises~~

Nothing in Condition ~~2.3.14– 2.3.9~~ and Condition ~~2.3.15–2.3.10~~ shall require the Licensee to make or maintain the connection:

- (a) if the making or maintaining of the connection involves danger to the public and / or a risk to the safety of the Network, provided that the Licensee has taken all such reasonable steps to prevent such danger from occurring;
 - (b) if there is insufficient capacity in the Network;
 - (c) if the Licensee has reasonable grounds to believe the making of the connection would be in conflict with:
 - (i) the relevant objectives set out in Condition 2.4D;
 - (ii) any public service obligation (where applicable); or
 - (d) if there are any serious economic difficulties with take or pay contracts;
- and in any such case the Licensee shall give duly substantiated reasons for believing such circumstances apply.

Part C – Gas Delivery Facility Connections – Other Requirements

2.3.12 Other provisions to be included in a GDF Connection Charging Methodology Statement

- (a) A GDF Connection Charging Methodology Statement prepared pursuant to Condition 2.3.2 shall, subject to Condition 2.3.14, clearly distinguish between persons and classes of person for whom the Licensee proposes different methods by, or principles on which charges are to be determined for:
 - (i) making, maintaining, repairing or modifying a connection of a Gas Delivery Facility of the category or type described or specified in any direction given by the Authority under Condition 2.3.2; and
 - (ii) accepting the introduction of gas into the Network from a Gas Delivery Facility.

(b) A GDF Connection Charging Methodology Statement prepared pursuant to paragraph (a) shall, without limitation, include:

(i) the process and procedures to be followed, and the information likely to be required, by the Licensee for the purposes of offering terms for:

(A) the making and maintaining of the connection; of each particular category or type of Gas Delivery Facility described or specified in any direction given by the Authority under Condition 2.3.2; and

(B) accepting the introduction of gas into the Network from such a Gas Delivery Facility.

(ii) the methods by, and principles on, which charges will be determined for:

(A) any extension or reinforcement of any part of the Network, which is necessary or appropriate by virtue of the required connection to the Network of such a Gas Delivery Facility;

(B) the maintenance and repair required of any gas plant or apparatus provided and installed for the purposes of making a connection of such a Gas Delivery Facility;

(C) disconnection from the Network of such a Gas Delivery Facility and the removal of gas plant and apparatus at a Gas Delivery Point following disconnection;

(D) the Licensee's operational costs in respect of the maintenance and use of the Gas Delivery Point established by virtue of the connection of such a Gas Delivery Facility; and

(E) such other matters as may be specified in any direction issued to the Licensee under this Condition 2.3.12(b) for the purposes of this Condition 2.3.

2.3.13 Gas Delivery Facility Connections – Requirement to offer terms

Where the Licensee receives a request for a connection to be made to the Network of a Gas Delivery Facility, it shall:

- (a) as soon as reasonably practicable, following receipt of the information reasonably required from the person making the request (the 'applicant'):
 - (i) offer terms and conditions for the making and maintaining of the requested connection; and
 - (ii) offer terms and conditions for the introduction of the gas from the Gas Delivery Facility into the Network; and
- (b) ensure that any terms and conditions offered by it pursuant to the requirements of paragraph (a) provide that where:
 - (i) the terms and conditions are accepted by the applicant, neither the Licensee nor the applicant shall take any action under or pursuant to the agreement (as resulting from the applicant's acceptance of the offered terms and conditions) prior to the date on which the accepted terms and conditions are approved by the Authority;
 - (ii) there is a dispute between the Licensee and the applicant in respect of the terms and conditions offered by the Licensee, either the applicant or the Licensee may make an application to the Authority for determination of the dispute.

2.3.14 Prohibition on undue discrimination in relation to Gas Delivery Facility Operators

The Licensee shall not show any undue preference towards or undue discrimination against any person or classes of person (including any other business of the Licensee) requesting, or having, a connection to the Network of a Gas Delivery Facility.

2.3.15 Obligation to Connect a Gas Delivery Facility

Where the Licensee has, upon request by any person, offered terms for connection pursuant to Condition 2.3.13 and the person requesting the connection accepts the

connection terms offered, the Licensee shall make and maintain the requested connection on the basis of the accepted terms.

2.3.16 Exceptions to requirement to offer connection terms for a Gas Delivery Facility

Nothing in Condition 2.3.13 shall require the Licensee to offer terms to make and maintain a connection to the Network of a Gas Delivery Facility, if:

- (a) to make and maintain the requested connection would involve a danger to the public and/or or a risk to the safety of the Network, provided that the Licensee has taken all reasonable steps to prevent such danger from occurring and/or to mitigate the risk to the safety of the Network;
- (b) there is insufficient capacity in the Network to accept the delivery of the gas from the Gas Delivery Facility; or
- (c) the Licensee has reasonable grounds to believe that making and maintaining the requested connection would be in conflict with:
 - (i) the relevant objectives set out in Condition 2.4D.2; or
 - (ii) any public service obligation (where applicable),

and in any such case the Licensee shall give duly substantiated reasons for believing such circumstances apply.

2.3.17 Calorific Value Management Statement

The Licensee shall comply with any direction given by the Authority to prepare and submit to the Authority for approval a statement (the **Calorific Value Management Statement**), setting out:

- (a) the methods by, and the principles on, which the Licensee will manage the Calorific Value in the Network; and
- (b) such information as is required by Gas Delivery Facility Operators and gas suppliers for the purposes of carrying out their respective activities, including (without limitation) information relating to:

- (i) the measurement and/or the methodology for establishing the energy content of gas;
- (ii) monitoring the accuracy of the measurement and/or the methodology for establishing the energy content of gas;
- (iii) the Calorific Value information required by gas suppliers for the purposes of customer billing; and
- (iv) such other matters as may be specified in the Authority's direction.

Part D – Approval and publication of statements prepared under this Condition 2.3

~~2.3.5~~2.3.18 Authority's approval of connection charging methodology statements

The Authority shall, in approving the Licensee's basis for charging for connection as set out in the ~~statement~~ Connection Charging Methodology Statement submitted to it by the Licensee under Condition 2.3.1 or the GDF Connection Charging Methodology Statement submitted to it by the Licensee under Condition 2.3.2, have regard to the need of the Licensee to be able to finance the carrying on of its activities and obtain a return equal to that which is, in the reasonable opinion of the Authority, appropriate.

~~2.3.6~~2.3.19 Publication of and compliance with statements prepared under this Condition 2.3

The Licensee shall:

- (a) ~~put in place and comply with the statement, as approved by the Authority under Condition 2.3.5;~~
- (a) implement and comply with the Connection Charging Methodology Statement and the GDF Connection Charging Methodology Statement, in each case as approved by the Authority under and in accordance with any provision of this Condition 2.3;

(b) implement and comply with the Calorific Value Management Statement, as approved by the Authority under and in accordance with any provision of this Condition 2.3;

(c**b**) publish each approved statement in such manner as will secure adequate publicity for it; and

(d**e**) send a copy of any such statement to any person who requests one.

2.3.20 Review and Revision of Statements – Direction by the Authority

(a) The Authority may, where it determines it necessary for the purposes of the Licensee ensuring that any Statement in effect pursuant to the requirements of this Condition 2.3 is, and/or continues to be, proportionate and applied in a non-discriminatory manner, direct the Licensee to review and revise the Statement in accordance with the requirements specified in the direction and to submit the revisions to the Authority for approval.

(b) The Licensee shall comply with any direction given by the Authority under Condition 2.3.20(a) above.

2.3.7 Direction by the Authority

Where the Authority determines that it is necessary for the Licensee to revise:

(a) the methods and principles on which it has determined the charges and other terms for connection in the latest published statement; and/or

(b) the charges and other terms for connection it has determined and included in the latest published statement;

(c) in order to ensure that they are (or continue to be) proportionate and applied in a non-discriminatory manner, the Authority may direct the Licensee to revise its methods, principles, charges or terms (as the case may be) in accordance with the provisions of the direction.

2.3.9 Compliance with a Direction

The Licensee shall comply with the requirements of any direction issued by the Authority under Condition 2.3.7 and shall publish any revised statement as soon as reasonably practical in accordance with Condition 2.3.6.

2.3.21 Review and Revision of Statements – General

The Licensee shall:

- (a) periodically, and on each occasion this Condition 2.3 is modified, review each Statement prepared by the Licensee, and approved by the Authority, pursuant to this Condition 2.3, for the purposes of ensuring that the Statement continues to meet the requirements of this Condition 2.3 and following such review prepare and submit to the Authority for approval, any changes proposed by the Licensee in light of the review;
- (b) not revise the basis of its charges for a connection of any premises, gas meter (including a non standard gas meter, or a gas meter not owned by the Licensee), Pipe-Line System, Storage Facility or LNG Facility, or the other terms for connection, without first submitting to the Authority a revised Connection Charging Methodology Statement that meets the requirements of Conditions 2.3.1 and 2.3.3 and, where any such revision is other than an increase in the Consumer Prices Index (CPI), or applicable indexation base as approved by the Authority, obtaining the Authority's approval to such a revision;
- (c) not revise a GDF Connection Charging Methodology Statement applying in respect of connections of a Gas Delivery Facility of a category or type described or specified in a direction given by the Authority under Condition 2.3.2, without first submitting to the Authority a revised GDF Connection Charging Methodology Statement, as applicable to that category or type of Gas Delivery Facility, that meets the requirements of Conditions 2.3.2 and 2.3.12 and obtaining the Authority's approval to such a revision; and
- (d) not revise the methods by, and the principles on, which the Licensee will manage Calorific Value in the Network without first submitting to the Authority

a revised Calorific Value Management Statement that meets the requirements of Condition 2.3.17 and obtaining the Authority's approval to such a revision.

2.3.8 Revising connection charges

Without prejudice to Condition 2.3.7, the Licensee shall:

- (a) periodically, and on each occasion Condition 2.3 is modified, review its published statement for compliance with the Licensee's obligations under the Licence and propose, and submit to the Authority for approval, any changes necessary in light of the review;
- (b) not revise the basis of its charges for a connection of any premises, gas meter (including a non standard gas meter, or a gas meter owned or not owned by the Licensee), pipe-line system, Storage Facility or LNG Facility, or the other terms for connection, without first giving the Authority a revised statement in the same terms as Condition 2.3.1 and, where such revision is other than any increase in the Retail Prices Index, obtaining Authority's approval to such a revision.

Part E – Connection Disputes –Authority's Role

2.3.172.3.22 Resolution of disputes by the Authority

Where:

- (a) **Where** there is a dispute between the Licensee and any person entitled₁ or claiming to be entitled₂ to a connection **to the Network in respect of the terms of an agreement for the connection to be made ('connection agreement'), under and in accordance with any provision of this Condition 2.3:**
 - (i) where the person is not a Gas Delivery Facility Operator, in respect of connection terms offered by the Licensee to that person for such a connection to the Network,**

(ii) where the person is a Gas Delivery Facility Operator, in respect of the terms offered by the Licensee for:

(aa) making and maintaining the connection of the Gas Delivery Facility to the Network; and/or

(bb) permitting gas to be introduced into the Network from that operator's Gas Delivery Facility,

any party to the dispute may make an application to the Authority for determination of the ~~terms of the connection agreement-~~ dispute.

(b) Any dispute referred to the Authority ~~receives an application pursuant to sub-paragraph (a) and the dispute:~~ Condition 2.3.22(a) which relates to a connection to the Network of any premises (and any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and is located in any premises) which:

(i) has not previously been referred by either party to the Consumer Council for Northern Ireland for investigation; or

(ii) has previously been referred by one of the parties to the Consumer Council for Northern Ireland but the Consumer Council for Northern Ireland ~~has advised~~ advises the Authority that it has not concluded its investigation of the dispute,

may be referred by the Authority ~~may refer the dispute~~ to the Consumer Council for Northern Ireland for the purposes of enabling the Consumer Council for Northern Ireland to ~~assist the parties in the resolution-~~ investigate and/or conclude its investigation of the dispute; and

~~(c) the Authority refers the dispute to the Consumer Council for Northern Ireland under paragraph (b) it will at the same time inform the parties of that referral;~~

(iii) notification of any such referral will be given by the Authority to both parties; and

~~(d)(iv)~~ where the Consumer Council for Northern Ireland has not been able to assist the parties in the resolution of the dispute within 3 months of the Authority's referral ~~under paragraph (b)~~ (the 'applicable timescale'), either party to the dispute may then refer the ~~matter back dispute~~ to the Authority for determination~~;~~.

~~-(c)~~ Condition 2.3.22 (d) applies:

~~(i)~~ in respect of (e) a dispute referred to the Authority under ~~paragraph Condition 2.3.22(a):-(i)~~ which is not referred ~~by the Authority~~ to the Consumer Council for Northern Ireland under ~~paragraph (e) Condition 2.3.22(b); or~~

~~(ii)~~ in respect of a dispute referred to the Authority under Condition 2.3.22(b)(iv); and

~~(iii)~~ in respect of any other dispute referred to the Authority under Condition 2.3.22(a).

~~(ii)~~ is referred by the Authority to the Consumer Council for Northern Ireland under paragraph (e) but is referred back to the Authority under paragraph (d),

~~(d)~~ Where this Condition applies:

~~(i)~~ the Authority may, having given both parties not less than one month in which to make any further representations, settle the ~~terms of the connection agreement dispute~~ in such manner as appears to the Authority to be reasonable having regard (insofar as is relevant and appropriate) to the obligations that would otherwise have applied to the Licensee under this Condition 2.3; and

~~(ii)~~ where (f) the person entitled or claiming to be entitled to a connection to the Network wishes to proceed on the basis of the terms ~~the connection agreement as~~ settled by the Authority, the Licensee shall ~~forthwith~~ enter into ~~and implement such the required~~ agreement ~~in accordance with its on the basis of such~~ terms.

Part F – Definitions and Interpretation

2.3.1823 Interpretation and construction

(a) References in this Condition 2.3 to ÷

~~(a)~~ **"charges"** shall include references to means whereby such charges may be ascertained.

(b) In this Condition:

"Calorific Value" has the meaning given to it in the Network Code.

"premises" includes any land, building or structure :

(i) supplied, or to be supplied, with gas from the Network; and

(ii) does not include any Pipe-Line System, Storage Facility, LNG Facility or Gas Delivery Facility.

Condition 2.9: Maintenance of Records

2.9.1 Recorded information

The Licensee shall hold, in an appropriate form, recorded information, insofar as the Licensee is reasonably able to acquire it, as to:

- (a) every premises and pipe-line system to which gas has been conveyed by means of the Network during the relevant period;
- (b) every Gas Delivery Point from which gas has been conveyed by means of the Network during the relevant period;
- (c) every third party who has arranged with the Licensee for gas to be conveyed by means of the Network at any place referred to in Condition 2.9.1(a) or (b) during the relevant period;
- (ed) insofar as the Licensee has been furnished with the information, in respect of each premises referred to in Condition 2.9.1(a) every gas supplier who has supplied during the relevant period gas which has been conveyed to those premises by means of the Network;
- (e) in respect of each Gas Delivery Point referred to in Condition 2.9.1(b), details of each gas supplier that, during the relevant period, was under and in accordance with the Network Code a registered user for that Gas Delivery Point and the period for which each such gas supplier was a registered user;
- (df) insofar as the Licensee has been furnished with the information, the ownership of every meter first installed after the outlet of the final control valve of the service pipe at any premises referred to in Condition 2.9.1(a) for ascertaining the quantity of gas conveyed to the premises by means of that system during the relevant period;
- (eg) any information contained in a notice given to the Licensee under any regulations made by the Authority under Article 22 of the Order during the relevant period; and

(fh) any information which has been provided to the Licensee by any other licence or exemption holder whether directly or indirectly pursuant to the conditions of his licence or exemption.

2.9.2 Additional definition

In this Condition:

"the relevant period" means the preceding five years or such shorter period to which the Authority may consent in respect of any of the above requirements.

Condition 2.11: Network Forecasts

2.11.1 Network Forecasts

The Licensee shall comply with a direction given by the Authority, which may be revised from time to time, to prepare and publish a statement in such form as may be specified in the direction giving, with respect to each of the 10 succeeding years beginning with **1 October 2022** following the date of the grant of the Licence, such information by way of forecasts of:

- (a) the use, to the best of the Licensee's knowledge and belief, likely to be made of the Network or any part of the Network by persons authorised to convey, store or supply gas under Article 8 of the Order (including the Licensee and any affiliate or related undertaking of the Licensee); and
- (b) the likely developments to the Network which the Licensee expects from time to time to be taken into account in determining the charges for making connections to that system and for entering into arrangements for the conveyance of gas;

as will assist:

- (c) a person seeking ~~to connect a pipe-line of his~~ a connection to the Network of a Pipe-Line System, LNG Facility, Storage Facility or Gas Delivery Facility or to enter into arrangements for the conveyance of gas in identifying and evaluating the opportunities for so doing; and
- (d) the Authority to monitor issues relating to security of supply.

2.11.2 Single Statement with other Designated Pipe-line Operators

Where the Licensee is a Designated Pipe-line Operator, the licensee shall, acting in conjunction and co-operation with every other Designated Pipeline Operator, take all reasonable steps to prepare a single statement in accordance with paragraph 1.

2.11.3 Revised Network forecasts

Except in so far as the Authority consents to the Licensee not doing so, the Licensee shall, on an annual basis, prepare a revision of any statement prepared under Condition 2.11.1 so as to ensure that, so far as reasonably practicable, the information in the revised statement is up to date.

2.11.4 Provision and Publication of forecasts

The Licensee shall, subject to any requirement to comply as is appropriate with the listing rules (within the meaning of Part VI of the Financial Services and Markets Act 2000) of the Stock Exchange and with Condition 2.11.5:

- (a) no later than the first working day of August 2022, and then annually no later than the first working day of August in each calendar year thereafter, furnish the Authority with a copy of the statement prepared under Condition 2.11.1 and of each revision of the statement prepared under Condition 2.11.3;
- (b) amend that statement in line with any requirements specified by the Authority;
- (c) no later than the last working day of September in each calendar year, publish that statement on a suitable website; and
- (d) send a copy of the statement and of each revision to any person who asks for one on payment of a charge in respect of the cost incurred by the Licensee in complying with this requirement which does not exceed such amount as the Authority may from time to time direct.

2.11.5 Particular interests

In complying with the requirements of Condition 2.11.4(b) and (c), the Licensee shall have regard to the need for excluding, so far as practicable:

- (a) any matter which relates to the affairs of an individual, where the publication of that matter would or might seriously and prejudicially affect the interests of that individual; and

- (b) any matter which relates specifically to the affairs of a particular body of persons, whether corporate or unincorporated where publication of that matter would or might seriously and prejudicially affect the interests of that body.

2.11.6 Determination by Authority of Particular interests

Except in so far as the Authority consents to the Licensee not doing so, the Licensee shall refer for determination by the Authority any question as to whether any matter seriously and prejudicially affects the interests of an individual or a body of persons.

2.11.7 Definition

In this Condition:

Designated Pipe-line Operator has the meaning given to it in Condition 2A.1 of the Licence.

PART 2A**STANDARD CONDITIONS APPLICABLE TO THE CONVEYANCE OF GAS BY
DESIGNATED PIPELINE OPERATORS****Condition 2A.1 – Interpretation and Construction****2A.1.1 Definitions**

In Part 2A of this Licence, except where expressly stated to the contrary and unless the context otherwise requires, the following terms shall have the meanings ascribed to them below:

“Activation Test”	means the test set out in the CMP Methodology Statement for assessing and determining whether there is contractual congestion in respect of an Interconnection Point;
“Actual Figures”	means the Annual Exit Quantity and the Actual Firm Capacity figures to be provided by the Licensee to the Authority under Condition 2A.2.3.2(a);
“Actual Firm Capacity”	means the aggregate of GS Firm Capacity which has been held by Gas Suppliers in respect of a Gas Year and in respect of Entry and Exit Points on the Designated Network;
“Actual Required Revenue”	as the context requires, shall have the meaning ascribed to that term in the Special Conditions of this Licence or the meaning ascribed to it in the relevant licence of each Designated Pipe-line Operator;
“Annual Capacity Product”	means a Capacity Product with a duration of one year that provides for capacity to be made available throughout a Gas Year;
“Annual Exit Quantity”	means the aggregate of all Gas Suppliers’ Exit Quantities in respect of a relevant Gas Year and in respect of Exit Points on the Designated Network;

“Auction Premium”	means the amount calculated in accordance with Condition 2A.2.5.3(d) for each Capacity Product in a relevant Gas Year;
“Auction Price”	means, in respect of auctions for Capacity Products that are bundled with the capacity products of an interconnected system operator, the share of the price determined in the auction that is payable to the Licensee;
“Auxiliary Payment”	means any sum (whether or not contingent) in addition to aggregate Monthly Postalised Payments which a PS Gas Supplier is committed to pay on an annual basis in respect of Minimum Quantity Value;
“Business Day”	means a day, other than a Saturday or Sunday, on which banks are open for ordinary banking business in Belfast;
“Buy-Back Capacity”	means capacity that has been allocated as Firm Capacity or OS Capacity (as the case may be) and subsequently made available for purchase by the Licensee in accordance with the OS Scheme and the Network Code;
“Capacity Figures”	shall have the meaning ascribed to that term in Condition 2A.2.3.1(b);
“Capacity Percentage”	shall have the meaning ascribed to that term in Condition 2A.2.5.3(b);
“Capacity Product”	means the products for the provision of capacity at Entry Points or Exit Points made available by Designated Pipe-line Operators listed in the Gas Product Multipliers and Time Factors Table;
“Capacity Reconciliation Payment”	means a charge or a payment, as the context requires, made by the Licensee to each of its Gas Suppliers, and as calculated in accordance with condition 2A.2.6.4;

“CMP Methodology Statement”	means the document required to be prepared in accordance with Condition 2A.2.1.12 setting out the Designated Pipe-line Operators' arrangements for implementing Congestion Management Procedures;
“Commodity Percentage”	shall have the meaning ascribed to that term in Condition 2A.2.5.2(a);
“Commodity Reconciliation Payment”	means a charge or a payment as the context requires, made by the Licensee to each of its Gas Suppliers in respect of the difference between the Forecast Postalised Commodity Charge and the Year-End Postalised Commodity Charge applied to a Gas Year;
"Congestion Management Procedures"	means procedures in relation to: (a) the surrender, by any person, of capacity held by them in respect of any IP Entry Point; (b) the monitoring of utilisation of capacity, in relation to any IP Entry Point, for the purposes of assessing whether it is necessary to apply the: (i) Long Term Use or Lose it Rules; and/or (ii) Firm Day Ahead Use it or Lose it Rules;
“Credit Committee”	means the committee which is convened and operates in accordance with the Terms of Reference;
“Debt Entitlement”	shall have the meaning ascribed to that term in Condition 2A.6.1.2(b);
“Debt Notice”	means a notice issued by the PSA as contemplated by Condition 2A.4.3.1(f);

“Debt Notice Date”	means the date on which the PSA shall issue the Debt Notice each month as contemplated by Condition 2A.4.3.1(f), being the eighth Business Day in the relevant month;
“Debt Payment”	means a charge payable by a PS Gas Supplier in respect of PS Notified Debt as contemplated by Condition 2A.3.4 and as detailed in the applicable Debt Notice;
“Debt Repayment”	means a repayment payable to a PS Gas Supplier in respect of a Recovery as contemplated by Condition 2A.3.4.3(ii) and as detailed in the applicable Debt Notice;
“Designated Network”	means such part(s) of the Licensee’s network as is or are designated from time to time pursuant to the Designation Order;
“Designated Pipe-line Operator”	means a person licensed to convey gas under Article 8(1)(a) of the Order through the Postalised System, including the Licensee;
“Designated Pipe-line Operators Agreement”	shall have the meaning ascribed to that term in Condition 2A.6.2.1;
“Designation Date”	means the date specified in a Designation Order on which any part of the Licensee’s network shall be designated as postalised;
“Designation Order”	means an order made pursuant to Article 59 of the Energy (Northern Ireland) Order 2003 designating gas pipe-lines comprised within the Licensee’s network as being subject to a common tariff;
“Directions”	shall have the meaning ascribed to that term in Condition 2A.3.2;
“Distribution Business”	means, where applicable, a Separate Business of the Licensee which carries on the business of conveyance of gas through distribution pipe-lines and which, with the Authority’s consent, may hold Firm Capacity;

“Due Date”	means the date on which payment of an invoice in respect of any PS Transmission Payment falls due, being the tenth Business Day in the month next after the month in which the relevant invoice was issued and shall be stipulated in the Network Code;
“Entry Overrun Charge”	means an entry overrun charge payable by a Gas Supplier in respect of an Entry Point where the quantity of gas allocated to the Gas Supplier under the Network Code exceeds the capacity booked by the Gas Supplier under the Network Code at that Entry Point, which charges are to be calculated in accordance with the Gas Transmission Charging Methodology Statement;
“Entry Point”	means: <u>(a) a point of interconnection between the network of a Designated Pipe-line Operator and any other transmission pipe-line (except for any other transmission pipe-line operated by another Designated Pipe-line Operator);</u> <u>(b) a Gas Delivery Point on the Network of a Designated Pipe-line Operator,</u> at which capacity is subject to booking procedures pursuant to the Network Code of that Designated Pipe-line Operator and which constitutes an Entry Point under the <u>that</u> Network Code;
“Entry Point Additional Capacity”	means in respect of a given time the amount of additional capacity (in kWh/day), in excess of the Entry Point Technical Capacity, determined as available (on a firm basis) by the Designated Pipe-line Operator (on whose network the Entry Point is located) in accordance with the OS Scheme and the Network Code of that Designated Pipe-line Operator;

“Entry Point Technical Capacity”	means in respect of a given time the maximum capacity (in kWh/day) available on a firm basis at an Entry Point taking account of the technical requirements of such Entry Point, system integrity and the operational requirements of the network;
“Entry”, “Entering”	or forms thereof, refers to the input of gas at an Entry Point;
“Exit”, “Exiting”	or forms thereof, refers to the offtaking of gas at an Exit Point;
“Exit Point”	means a point on the Designated Network at which gas is offtaken from the Designated Network by a Gas Supplier, which constitutes an Exit Point under the Network Code;
“Exit Quantity”	means the total quantity of gas, (measured in kWh) allocated to the Licensee’s relevant Gas Supplier in respect of an Exit Point within a certain period, or any applicable Minimum Quantity Value in respect of such period, if higher;
“Exit Ratchet Charge”	means, at any relevant time in respect of a Gas Supplier, charges relating to nominations in excess of Firm Annual Capacity (in kWh/day) deemed to be held at such time by such Gas Supplier in respect of an Exit Point in accordance with the provisions of the Network Code, the charge for which shall be calculated in accordance with Condition 2A.2.5.3(b);
“Firm Annual Capacity”	means, at any relevant time in respect of a Gas Supplier and a Gas Year, annual capacity (in kWh/day) held at such time by such Gas Supplier by way of Annual Capacity Products on a firm basis in respect of an Entry Point or an Exit Point and in respect of that Gas Year;

“Firm Capacity”	means, at any relevant time in respect of a Gas Supplier and a Gas Year, the total of Firm Annual Capacity and Firm Non-Annual Capacity (in kWh/day) held at such time by such Gas Supplier and that Gas Year except that if any Minimum Capacity Value in respect of such Gas Year and such Gas Supplier is greater than such held capacity then such Gas Supplier shall be deemed to hold a Firm Capacity equal to that Minimum Capacity Value;
“Firm Day Ahead Use it or Lose it Rules”	means the requirements of point 2.2.3 of Annex 1 to Regulation (EC) No. 715/2009 (as amended);
“Firm Non- Annual Capacity”	means, at any relevant time in respect of a Gas Supplier and a Gas Year (or any relevant part thereof), the capacity (in kWh/day) held at such time by such Gas Supplier by way of Non-Annual Capacity Products on a firm basis in respect of an Entry Point or an Exit Point and in respect of the relevant part of that Gas Year, but shall not include any OS Capacity;
“Forecast Annual Quantity”	shall have the meaning ascribed to that term in Condition 2A.2.3.1(a)(i);
“Forecast Figures”	shall mean such figures as are notified to the Authority under Condition 2A.2.3.1(a) as amended by any notice given by the Authority under Condition 2A.2.3.1(e), or such figures as are determined by the Authority under Condition 2A.2.3.1(g), as appropriate;
“Forecast Postalisation Formulae”	means the formulae set out in Condition 2A.2.5;
“Forecast Postalised Annual Capacity Charge”	means a charge in respect of each kWh/day of Firm Annual Capacity held by the Licensee’s Gas Suppliers in respect of an Entry or an Exit Point in a Gas Year which shall be calculated in accordance with Condition 2A.2.5.3(b);

“Forecast Postalised Non Annual Capacity Charge”	means a charge in respect of each kWh/day of Non-Annual Firm Capacity held by the Licensee’s Gas Suppliers in respect of an Entry Point in a Gas Year which shall be calculated in accordance with Condition 2A.2.5.3(c);
“Forecast Postalised Charges”	means the Forecast Postalised Commodity Charges, the Forecast Postalised Annual Capacity Charges, the Forecast Postalised Non-Annual Capacity Charges , and charges for the VRF Service;
“Forecast Postalised Commodity Charge”	means a charge in respect of each kWh of gas allocated to the Licensee’s Gas Suppliers for Exit from the Designated Network in a Gas Year which shall be calculated in accordance with Condition 2A.2.5.2;
“Forecast Required Revenue”	as the context requires, shall have the meaning ascribed to that term in the Special Conditions of this Licence;
“Forecast Supplier Quantity”	means the quantity of gas which a Gas Supplier forecasts it will Exit from the Designated Network in a given period, provided that, if in relation to a Gas Supplier such quantity is less than any applicable Minimum Quantity Value, the Forecast Supplier Quantity in relation to such Gas Supplier shall be such Minimum Quantity Value;
Gas Product Multipliers and Time Factors Table	A table approved annually by the Authority following consultation setting out the Capacity Products to be offered by the DPOs and the weightings for Capacity Products to be used in the calculation of the Postalised Charges. The updated Table shall be published by the Licensee.

“Gas Supplier”	means any person authorised by licence under Article 8 of the Order or by exemption under Article 7 of the Order to supply gas, (including the Licensee as so authorised or exempted) and who is entitled to Exit gas from the Designated Network or any person who is not so authorised, but with the Authority’s consent either: (i) holds Firm Capacity; or (ii) is entitled to Exit gas from the Designated Network as if it were a Gas Supplier, but shall not include the Licensee if and to the extent that it is providing balancing gas in respect of any part of the Postalised System;
“Gas Transmission Charging Methodology Statement”	means the statement published by the Licensee on its website concerning the methodology for the calculation of gas transmission charges, as provided for in Condition 2A.2.1.9.
“Gas Year”	means the period of time beginning at 05:00 hours on 01 October in any calendar year and ending at 05:00 hours on 01 October in the next succeeding calendar year;
"GB Uniform Network Code"	means the uniform network code prepared pursuant to standard special condition A11 of the gas transporter licences granted or treated as granted under section 7 of the Gas Act 1986;
“GS Annual Exit Quantity”	shall have the meaning ascribed to that term in Condition 2A.2.6.4(e);
“GS Firm Capacity”	means the total of GS Firm Annual Capacity and GS Firm Non Annual Capacity held by a Gas Supplier in respect of all Entry Points and Exit Points on the Designated Network in a Gas Year;
“GS Firm Annual Capacity”	means the Firm Annual Capacity held by a Gas Supplier in respect of all Entry Points and Exit Points on the Designated Network in a Gas Year multiplied in each case by the aggregate number of months in respect of which such Firm Annual Capacity is held in such Gas Year;

"GS Firm Non Annual Capacity"	means the Firm Non Annual Capacity held by a Gas Supplier in respect of all Entry Points and Exit Points on the Designated Network in a Gas Year;
"HP Conveyance Licensee"	has the meaning given to it in Condition 2.17 (Single System Operation Arrangements) of the Licence;
"Initial Firm Capacity"	means the total of all Firm Annual Capacity held by the Licensee's Gas Suppliers in respect of a Gas Year as at the last Business Day of June preceding such Gas Year and the total Firm Non-Annual Capacity forecast to be held by the Licensee's Gas Suppliers in respect of [the same] a Gas Year;
"Invoice Date"	means the tenth Business Day in a month;
"Interconnection Point"	has the meaning given to it in the Network Code;
"kWh"	means 3,600,000 joules as defined in ISO 1000-1981(E);
"LIBOR"	means the sterling London Interbank Offered Rate as published in the Financial Times from time to time;
"Long Term Use it or Lose it Rules"	means the requirements of point 2.2.5 of Annex 1 to Regulation (EC) No. 715/2009 (as amended);
"Minimum Capacity Value"	means any minimum quantum of capacity (in kWh/day) in respect of which a PS Gas Supplier is obliged under contract to the Licensee or to any other Designated Pipe-line Operator to pay transmission charges in respect of a Gas Year;
"Minimum Quantity Value"	means any minimum quantity of gas (in kWh) in respect of which a PS Gas Supplier is obliged under contract to the Licensee or to any other Designated Pipe-line Operator to pay transmission charges in respect of a Gas Year or part thereof;

“Moffat Non-IP Entry Point”	has the meaning given to it in the Network Code;
“Monthly Debt Payment Entitlement”	means the entitlement of a Designated Pipe-line Operator in respect of the Net Debt Position in a month, calculated in accordance with Condition 2A.6.1.2(b);
“Monthly Distribution”	has the meaning ascribed in Condition 2A.6.1.4,
“Monthly Entitlements”	means Monthly Postalised Entitlements and Monthly Debt Payment Entitlements;
“Monthly Postalised Capacity Payment (Annual Capacity)”	means the amount to be invoiced monthly by the Licensee to each of its Gas Suppliers in accordance with Condition 2A.2.5.4(b);
“Monthly Postalised Capacity Payment (Non Annual Capacity)”	means the amount to be invoiced monthly by the Licensee to each of its Gas Suppliers in accordance with Condition 2A.2.5.4(c);
“Monthly Postalised Capacity Payment”	means the total amount to be invoiced monthly by the Licensee to each of its Gas Suppliers in respect of the “Monthly Postalised Capacity Payment (Annual Capacity)” and the “Monthly Postalised Capacity Payment (Non Annual Capacity)”;
“Monthly Postalised Commodity Payment”	means an amount to be invoiced monthly by the Licensee to each of its Gas Suppliers in accordance with Condition 2A.2.5.2(b);
“Monthly Postalised Entitlement”	means the entitlement of a Designated Pipe-line Operator in respect of Monthly Postalised Payments and any Auxillary Payment payable into the PoT Account in a month, calculated in accordance with Condition 2A.6.1.2(a)(i);
“Monthly Postalised Payments”	means Monthly Postalised Commodity Payments and Monthly Postalised Capacity Payments;

“Net Debt Position”	means a balance calculated in respect of a month with reference to PS Notified Debt and Recoveries in accordance with Condition 2A.3.4.3 and in respect of which a Debt Payment or Debt Repayment may be made;
“Non Annual Capacity Product”	means a Capacity Product for a period shorter than a Gas Year that provides for capacity to be made available in a Gas Year;
“Non Payment Month”	means a month in which a relevant PS Non-Payment occurred;
“Oversubscription Capacity” or “OS Capacity”	means in respect of a given time, an amount of additional capacity (in kWh/day) (not exceeding the Entry Point Additional Capacity) which is available for allocation on a firm basis or is allocated on a firm basis at an Entry Point, for a duration of one Day as a result of the availability of Entry Point Additional Capacity and as determined in accordance with the OS Scheme and the Network Code;
“OS Charging Statement”	has the meaning given in the OS Conditions;
“OS Conditions”	means Condition 2A.2.1.11 to Condition 2A.2.1.21;
“OS Procedure”	has the meaning given to it in the OS Conditions;
“OS Scheme”	has the meaning given to it in the OS Conditions;
“OS Services”	has the meaning given in the OS Conditions;
“Postalised Charges”	means the Forecast Postalised Charges and/or the Year-End Postalised Charges as the case may be;
“Postalisation Conditions”	means the Conditions in Part 2A and the OS Conditions;

“Postalised System” or “PS”	means the system comprising all gas pipe-lines designated as being subject to a common tariff pursuant to all orders made pursuant to Article 59 of the Energy (Northern Ireland) Order 2003 in force at such time;
“PoT Account”	shall have the meaning ascribed to that term in Condition 2A.5.3.1(a);
“Primary DPO”	means the Designated Pipe-line Operator holding a licence to convey gas in respect of a part of the Postalised System on which the PS Gas Supplier is entitled to exit gas;
“PSA”	shall have the meaning ascribed to that term in Condition 2A.4.1.1;
“PS Actual Required Revenue (PSARR)”	means, in respect of a Gas Year, the sum of all Actual Required Revenues in respect of such Gas Year;
“PSA Agreement”	shall have the meaning ascribed to that term in Condition 2A.4.1.1;
“PSA Functions”	shall have the meaning ascribed to that term in Condition 2A.4.3.1;
“PS Actual Firm Capacity”	[shall have the meaning ascribed to that term in Condition 2A.2.6.2];
“PS Annual Exit Quantity”	shall have the meaning ascribed to that term in Condition 2A.2.6.2;
“PS Forecast Annual Quantity”	shall have the meaning ascribed to that term in Condition 2A.2.5.2(a);
“PS Forecast Required Revenue (PSFRR)”	means in respect of a Gas Year the sum of all Forecast Required Revenues as such term is defined in each Respective Licence in respect of all Designated Pipe-line Operators in respect of such Gas Year;
“PS Gas Supplier”	means any person who is entitled to exit gas from the Postalised System;

“PS Non-Payment”	means: (i) the failure of a PS Gas Supplier to pay into the PoT Account all or part of the PS Transmission Payments due from it by the Due Date, or the clawback by an administrator or liquidator of the amount of any payment (or part of such payment) made into the PoT Account by a PS Gas Supplier in respect of a PS Transmission Payment; or (ii) the amount of PS Transmission Payments which the relevant PS Gas Supplier has failed to pay or the amount which is subject to clawback by an administrator or liquidator as the context requires but shall not apply to any sums due under the Network Code upon termination of a PS Gas Supplier’s Accession Agreement in respect of periods after the date of termination;
“PS Notified Debt”	means, at any time, the aggregate of PS Non-Payments, excluding any VAT element, which are at that time or were prior to that time the subject of a notification by a Designated Pipe-line Operator to the PSA as contemplated in Condition 2A.3.4.1 of such Designated Pipe-line Operator’s licence;
“PS Transmission Payments”	means any amount payable by a PS Gas Supplier in respect of the provision of gas conveyance services on the Postalised System under Condition 2A.2.1.7 (Entry Overrun Charges and Exit Ratchet Charges); Conditions 2A.2.5.5 (Monthly Postalised Payments); 2A.3.4 (Debt Payments); 2A.2.6.4 (Reconciliation Payments); and 2A.2.5.2(c) (Auxiliary Payments) under each Designated Pipe-Line Operator’s Respective Licence;
“Quantity Figures”	shall have the meaning ascribed to that term in Condition 2A.2.3.1(b);

“Quarter”	means each successive three calendar month period in a Gas Year, the first of which shall run from and including 05:00 hours 01 October until 05:00 hours 01 January in that Gas Year; and “Quarterly” shall be construed accordingly;
“Quarterly Capacity Quantities”	means for each Capacity Product the aggregate of Firm Annual Capacity or Firm Non Annual Capacity held by all Gas Suppliers in a Quarter;
“Quarterly Exit Quantity”	means the aggregate of Exit Quantities in a Quarter;
“Reconciliation Payment”	means the Capacity Reconciliation Payment and the Commodity Reconciliation Payment;
“Reconciliation Payment Formulae”	means the formulae contained in Conditions 2A.2.6.4(a) to (e) and 2A.2.6.5 in accordance with which Reconciliation Payments shall be calculated;
“Recovery”	means any amount (other than a Debt Payment) paid by or on behalf of a PS Gas Supplier either directly into the PoT Account or to a Designated Pipe-line Operator and subsequently paid by that Designated Pipe-line Operator into the PoT Account, in full or partial satisfaction of any PS Notified Debt attributable to that PS Gas Supplier;
“Relevant Charge Date”	shall have the meaning ascribed to that term in Condition 2A.2.5.7;
“Respective Licence”	means in respect of each of the Designated Pipe-line Operators the licence for the conveyance of gas granted to it pursuant to Article 8(1) of the Order or that part of a combined licence relating to the conveyance of gas;
“Second Due Date”	means, in respect of a PS Non-Payment which occurred in a Non-Payment Month, the fifteenth Business Day after the respective Due Date as stipulated in the Network Code;

“Separate Business”	means each of the following businesses of the Licensee (as appropriate): (i) the conveyance of gas through a transmission pipe-line pursuant to a licence granted in accordance with Article 8(1)(a) of the Order; (ii) the distribution of gas through distribution pipe-lines pursuant to a licence granted in accordance with Article 8(1)(a) of the Order; and (iii) the supply of gas pursuant to a licence granted in accordance with Article 8(1)(c) of the Order each taken separately from one another and from any other business of the Licensee or any affiliate or related undertaking of the Licensee;
“Stranraer Exit Point”	has the meaning given to it in the Network Code;
“Stranraer Shipper”	means the person appointed, under the GB Uniform Network Code, to ship gas from the Moffat Non-IP Entry Point to the Stranraer Exit Point pursuant to the terms of the Network Code;
“Supply Business”	means, where applicable, the Separate Business of the Licensee which carries on the business of the supply of gas;
“Termination Payments”	means any amount payable on the termination of a Gas Supplier’s Accession Agreement under the terms of the Network Code;
“Terms of Reference”	means the terms of that name appended to the Network Code which govern the operation of the Credit Committee;
“Total Monthly Payments	shall have the meaning ascribed to that term in Condition 2A.3.4.3;

“Trust and Account Bank Agreement”	means the agreement in the form approved by the Authority and made between the Designated Pipe-line Operators, the Trustee and account bank which governs the operation of the PoT Account;
“Trustee”	shall have the meaning ascribed to that term in Condition 2A.5.1.1;
“Trustee Functions”	shall have the meaning ascribed to that term in Condition 2A.5.3.1;
“Total Weighted Forecast Capacity”	means the figure calculated in accordance with 2A.2.5.3(a)
“Total Weighted Year-End Capacity”	means the figure calculated in accordance with 2A.2.6.3(a)
“Undesignated Network”	means such part(s) of the network as is or are not from time to time comprised in the Designated Network;
“Unrecovered Postalisation Payments”	shall have the meaning ascribed to that term in Condition 2A.4.3.1(l);
“VAT Distributions”	means distributions made by the Trustee on the instructions of the PSA from the PoT Account as calculated in accordance with Condition 2A.4.3.1 (d);
“VRF Service”	means the Interruptible Virtual Reverse Flow service offered by the Licensee in accordance with Condition 2A.2.1.6 and Conditions 2A.2.1.8 to 2A.2.1.10;
“Year-End Amount”	shall have the meaning ascribed to that term in Condition 2A.6.1.3;
“Year-End Postalisation Formulae”	means the formulae set out in Condition 2A.2.6;

“Year-End Postalised Annual Capacity Charge (Annual Capacity)”	means a year-end charge in respect of each kWh/day of Firm Annual Capacity held by the Licensee’s Gas Suppliers in respect of an Entry Point or an Exit Point in a Gas Year which shall be calculated in accordance with Condition 2A.2.6.3(b);
“Year-End Postalised Non-Annual Capacity Charge”	means a year-end charge in respect of each kWh/day of Firm Non-Annual Capacity held by the Licensee’s Gas Suppliers in respect of an Entry Point or an Exit Point in a Gas Year which shall be calculated in accordance with Condition 2A.2.6.3(c);
“Year-End Postalised Capacity Charge”	means the total charges applicable to each kWh/day of Firm Capacity held by each Gas Supplier for Entry and or Exit from any part of the Designated Network in respect of a Gas Year in accordance with Condition 2A.2.6.3(b) and 2A.2.6.3(c);
“Year-End Postalised Charge”	means the Year-End Postalised Capacity Charge and the Year-End Postalised Commodity Charge; and
“Year-End Postalised Commodity Charge”	means a charge applicable to each kWh of gas allocated to each Gas Supplier in respect of an Exit Point during a Gas Year in accordance with Condition 2A.2.6.2.

2A.1.2 Interpretation

In Part 2A all capitalised terms shall have the meaning ascribed to them in such part, notwithstanding any other definition of any such term elsewhere in the Licence. Capitalised terms within Part 2A which are not defined within such part shall have the meaning ascribed to them elsewhere in the Licence.

2A.1.3 Provision of Information

Nothing in Part 2A shall require the Licensee to produce any information or provide any document to any other party which the Licensee could not be compelled to produce or provide in any civil proceedings.

2A.1.4 Units of Measurement

For the avoidance of doubt the Licensee shall invoice for any Postalised Charges in the unit of Kwh or Kwh/day.

Condition 2A.2 – Postalisation Charges

2A.2.1 Charges on the Designated Network

2A.2.1.1 In respect of the Gas Year commencing on or after the Designation Date and each Gas Year or part of a Gas Year thereafter for so long as and to the extent that a Designation Order is and remains in force in respect of all or part of the network, the Licensee shall be subject to the provisions of this Part 2A.

2A.2.1.2 The Licensee shall require all of its Gas Suppliers to make all payments in settlement of PS Transmission Payments, Termination Payments and all Recoveries into the PoT Account. For the avoidance of doubt, PS Transmission Payments shall include any relevant Termination Payments payable in respect of PS Transmission Payments relating to the Gas Year in which termination occurs.

2A.2.1.3 The Licensee shall pay all sums which it receives directly from, or on behalf of, any of its Gas Suppliers in respect of PS Transmission Payments and Recoveries into the PoT Account.

2A.2.1.4 Where the Licensee has a Distribution Business and/or a Supply Business it shall for the purposes of this Condition 2A deal with such Distribution Business and/or Supply Business as if each such Separate Business were a third party Gas Supplier, including but not limited to providing or procuring forecasts relating to each such Separate Business, issuing invoices to each such Separate Business relating to PS Transmission Payments and maintaining appropriate records of all dealings with each such Separate Business.

2A.2.1.5 As used in this Condition 2A.2 "Day" and "PS Code Charges" have the respective meanings given in the Network Code and / or (as the context requires) in the Network Codes of the other Designated Pipe-line Operators.

2A.2.1.6 The Licensee shall offer:

- (a) the VRF Services referred to in Conditions numbered 2A.2.1.8 to 2A.2.1.10 (the "VRF Conditions"); and

- (b) the OS Services referred to in Condition numbered 2A.2.1.11 to 2A.2.1.20 (the “OS Conditions”).

2A.2.1.7 The Licensee may charge each of its Gas Suppliers an Entry Overrun Charge’ and/or a ‘Exit Ratchet Charge’ as provided for under the terms of the Network Code.

2A.2.1.8 The Licensee shall charge each of its Gas Suppliers to whom it provides the VRF Services the following amounts, namely:

(a) in respect of each provision of the VRF Service, the charge for such provision which is applicable at the relevant time, as determined pursuant to the Gas Transmission Charging Methodology Statement approved by the Authority from time to time;

(b) no commodity based charge shall be payable by a Gas Supplier in respect of any gas which is allocated to that Gas Supplier at any Exit Point where the allocation is made pursuant to a utilisation of the VRF Service.

2A.2.1.9 The Licensee shall, not later than 1 July in the Gas Year 2015 / 2016 and in each subsequent Gas Year, publish a Gas Transmission Charging Methodology Statement approved by the Authority (and in a manner so approved) showing the charges referred to in Condition 2A.2.1.7 in respect of Entry Overrun Charges and Condition 2A.2.1.8(a) in respect of each kWh/day of VRF Services to be provided in the forthcoming Gas Year.

The Licensee shall not make any changes to the Gas Transmission Charging Methodology Statement without the prior written approval of the Authority. If the Authority does not approve the Gas Transmission Charging Methodology Statement (or any changes to it) submitted to the Authority, the Licensee must make such modifications to the statement as the Authority may direct and must re-submit the statement to the Authority for approval.

- 2A.2.1.10 Nothing in this Licence shall prejudice the right of the Licensee to impose on and recover from any Gas Supplier to whom it provides the VRF Services or OS Services any PS Code Charges which are payable by that Gas Supplier in respect of the VRF Services or OS Services pursuant to the Network Code.

Capacity increase through oversubscription and buy back scheme and congestion management

- 2A.2.1.11 The Licensee shall, in co-operation and conjunction with every other Designated Pipe-line Operator, and following consultation with such interested parties as the Licensee considers likely to be affected by no later than 12 December 2013 prepare and submit for approval to the Authority arrangements for the Oversubscription and Buy-Back of capacity, to be known as the OS Scheme.
- 2A.2.1.12 The Licensee shall, in co-operation and conjunction with every other Designated Pipe-line Operator, and following consultation with such interested parties as the Licensee considers likely to be affected, prepare and submit to the Authority for approval, arrangements for implementing Congestion Management Procedures (the **CMP Methodology Statement**).
- 2A.2.1.13 If the Authority does not approve the OS Scheme and/or the CMP Methodology Statement submitted to it, the Authority may issue a direction requiring the Licensee and every other Designated Pipe-line Operator to make such modifications to the OS Scheme and/or the CMP Methodology Statement which have been submitted to it as are specified in the direction.
- 2A.2.1.14 The Licensee shall implement and comply with the OS Scheme. The OS Scheme shall:
- (a) set out the circumstances in which (and the basis on which) the Licensee will:
 - (i) offer to allocate, and allocate, OS Capacity;
 - (ii) offer to purchase, and purchase, Buy-Back Capacity,
 collectively referred to as the “OS Services”;

- (b) set out the methodology for determining the Entry Point Additional Capacity and the amount of OS Capacity that may be offered at a given time in respect of a given Entry Point, and the entry points of other DPOs as defined in their licences;
 - (c) include a charging methodology statement which sets out the methodology for determining the charges for the provision of OS Services (the “OS Charging Statement”);
 - (d) include provisions setting out the basis on which (and times at which) net revenues received in respect of the provision of OS Services are to be apportioned, such provisions to include:
 - (i) the definition of net revenues by reference to which such apportionment is to be made;
 - (ii) the proportions as determined by the Authority (from time to time) which shall apply to the apportionment of the net revenues, received in respect of the provision of the OS Services, between (i) the Licensee and any other Designated Pipe-line Operator, and (ii) Gas Suppliers, PS Gas Suppliers and the UC Gas Supplier; and
 - (iii) the timing of such payments following apportionment; and
 - (e) comply with the requirements of point 2.2.2 of Annex 1 to the EC Regulation 715/2009.
- 2A.2.1.15 The processes and procedures to be adopted for the purposes of implementing the OS Scheme, allocating OS Capacity and purchasing Buy-Back Capacity shall be set out in the Licensee’s Network Code (the “OS Procedures”).
- 2A.2.1.16 The Licensee shall not impose or make payments of (as the case may be) charges in respect of the provision of OS Services which are applicable at the relevant time of provision, other than as set out in (or as determined in accordance with) the OS Charging Statement.
- 2A.2.1.17 The charges referred to in Condition 2A.2.1.14(c) and 2A.2.1.16 shall, in respect of a Gas Year, not be subject to reconciliation or other adjustment on any ground.
- 2A.2.1.18 The Licensee shall:

- (a) not allocate OS Capacity (or purchase any Buy-Back Capacity) other than in accordance and in compliance with the OS Scheme and the Network Code;
- (b) not apply the Congestion Management Procedures other than in accordance and in compliance with the CMP Methodology Statement and the Network Code;
- (c) in accordance and in compliance with the OS Scheme, the CMP Methodology Statement, and the Network Code, from time to time carry out an Activation Test to determine whether there is contractual congestion at an Interconnection Point and publish the findings of each Activation Test carried out by it in a manner that will bring it to the attention of interested parties;
- (d) ensure that it does not activate any or all of the mechanisms set out in the OS Scheme and CMP Methodology Statement for an Interconnection Point until either:
 - (i) the Activation Test for that Interconnection Point has been passed; or
 - (ii) where the Activation Test for that Interconnection Point has not yet been passed, without the prior approval of the Authority.

2A.2.1.19 The Licensee shall:

- (a) not make any changes to the OS Scheme (including the OS Charging Statement) or the CMP Methodology Statement without the prior written approval of the Authority;
- (b) in cooperation and conjunction with other Designated Pipe-line Operators, make such changes to the OS Scheme and/or the CMP Methodology Statement as are set out in any direction issued, to the Licensee and other Designated Pipe-line Operators, by the Authority;

- (c) publish the most up to date and approved OS Scheme and CMP Methodology Statement in a manner that will bring it to the attention of interested parties and provide a copy on request to any person.

2A.2.1.20 In applying or giving effect to the Conditions in this Part 2A (but without limiting Condition 2A.2.1.7) it shall be conclusively presumed that:

- (a) the amounts payable to the Licensee for the allocation of OS Capacity (and the amounts payable to any other Designated Pipe-line Operator for the allocation of capacity which is defined as OS Capacity in the Respective Licence of such Designated Pipe-line Operator), do not constitute PS Transmission Payments and are not to be paid into the PoT Account; and
- (b) any OS Capacity allocated pursuant to the Network Code (and / or, as the context requires, the Network Code of any other Designated Pipe-line Operator) in accordance with the OS Scheme does not constitute (and shall not be taken into account in any calculation of) Actual Firm Capacity, Firm Capacity, GS Firm Capacity, or Initial Firm Capacity.

2A.2.1.21 The Licensee shall, notwithstanding any other contrary provision in any of the Conditions of this Licence, apply charges for OS Capacity allocated (and pay for any Buy-Back Capacity bought) in accordance with the OS Scheme and the relevant provision of the Licensee's Network Code and (if and to the extent it would otherwise be the case) the application of such charges shall not constitute a contravention of any of the Conditions of this Licence.

2A.2.1.22 The Licensee shall:

- (a) comply with the CMP Methodology Statement;
- (b) comply with a direction issued to it by the Authority under this paragraph to apply or cease to apply (as the case may be) the Firm Day Ahead Use it or Lose it Rules and/or mechanisms, as set out in the CMP Methodology Statement;

- (c) following activation of the mechanisms set out in the CMP Methodology Statement in accordance with Condition 2A.2.1.18(d):
 - (i) submit to the Authority by 30th April and 31st October of each Year the monitoring report prepared by it under and in accordance with CMP Methodology Statement on the demand for and utilisation of capacity (together with the underlying data used in preparing the report);
 - (ii) notify the Authority, as soon as reasonably practicable, of any proposed withdrawal of capacity from a Shipper pursuant to the Long Term Use it or Lose it rules and mechanisms and specifying:
 - (A) the Shipper from whom the capacity is proposed to be withdrawn;
 - (B) the amount of capacity proposed to be withdrawn; and
 - (C) the period for which the capacity is proposed to be withdrawn; and
 - (iii) where pursuant to any provision in the CMP Methodology Statement, the Licensee or a Shipper from whom capacity is proposed to be withdrawn refers any question relating to the proposed decision to the Authority for determination, comply with the Authority's determination.

2A.2.2 Charging methodology for the conveyance of gas

- 2A.2.2.1 Subject to Condition 2A.2.2.5, the Licensee shall charge each of its Gas Suppliers in respect of the Entry to and Exit of gas from, and holding of capacity on, the Designated Network the Monthly Postalised Payments in respect of each month or part thereof in a Gas Year in accordance with the terms of this Licence and the applicable provisions of the Network Code.
- 2A.2.2.2 The Licensee shall charge each of its Gas Suppliers any Debt Payment payable by them in accordance with any Debt Notice; and shall reduce any relevant

invoice in respect of Monthly Postalised Payments by the amount of any Debt Repayment in accordance with any Debt Notice in each case in accordance with the terms of this Licence and the applicable provisions of the Network Code.

2A.2.2.3 On or before the 10th Business Day in December following the end of each Gas Year in respect of which the Licensee has charged Monthly Postalised Payments to a Gas Supplier pursuant to Condition 2A.2.5.5 the Licensee shall, subject to Condition 2A.2.2.5, charge or repay (as appropriate) to such Gas Supplier a Commodity Reconciliation Payment and a Capacity Reconciliation Payment applicable in respect of that Gas Year calculated in accordance with the Reconciliation Payment Formulae in Condition 2A.2.6.4(b).

2A.2.2.4 Unless the Authority otherwise expressly consents in writing the Licensee shall apply no charge on the Postalised System other than the PS Transmission Payments or as otherwise permitted under the Licence or the Network Code.

2A.2.3 Duty to provide forecasts and information relating to the calculation of the Postalised Charges

2A.2.3.1 Forecasts and information relating to following Gas Years

(a) For the purpose of Condition 2A.2.5, the Licensee shall use its reasonable endeavours, in each Gas Year, to provide the following forecasts and information in respect of the next Gas Year (“GY”) and each of the following four Gas Years inclusive (“GY+1” to “GY+4” respectively) (the “Forecast Figures”) to the Authority no later than the fifteenth Business Day in March:

(i) the total of all Forecast Supplier Quantities in a Gas Year (the “Forecast Annual Quantity”) together with:

(aa) an explanation of the reasons why any Forecast Annual Quantity in respect of any of the Gas Years GY+1 to GY+4 are expected to be greater or less than the Forecast Annual Quantity in respect of GY;

- (bb) a breakdown of the Forecast Annual Quantities in respect of each Exit Point in each relevant Gas Year; and
 - (cc) a breakdown showing the proportions of the Forecast Annual Quantity and aggregated Forecast Supplier Quantities attributable to each Quarter of GY;
- (ii) the assumptions on which the figures provided pursuant to Condition 2A.2.3.1(a)(i) were based:
- (aa) which for power stations shall include but not be limited to load factors, generation output and efficiency;
 - (bb) which for Gas Suppliers to distribution networks shall include but not be limited to numbers of consumers and average forecast quantity per consumer;

and in either case shall include an explanation of any material difference between such forecasts for the year GY and the forecast in respect of the then current Gas Year; and

- (iii) for each Capacity Product a breakdown in respect of each Entry Point and Exit Point of the Initial Firm Capacity in respect of GY and a forecast of Initial Firm Capacity in respect of GY+1 to GY+4 inclusive, together, with:.
- (aa) An explanation of the reasons why any Initial Firm Capacity in respect of any of the Gas Years GY+1 to GY+4 are expected to be greater or less than the Initial Firm Capacity in respect of GY;
 - (bb) For each Non Annual Capacity Product a breakdown of the Initial Firm Capacity attributable to each Quarter of GY;
- (iv) the assumptions on which the figures provided pursuant to Condition 2A.2.3.1(a)(iii) were based:

- (b) The Licensee shall use its reasonable endeavours to ensure that all Forecast Figures supplied to the Authority in accordance with Condition 2A.2.3.1(a) are as accurate as possible having regard to the information and forecasts available to the Licensee including that provided by its Gas Suppliers and shall provide to the Authority, with the figures provided under Condition 2A.2.3.1(a)(i) (the “Quantity Figures”), and 2A.2.3.1(a)(iii) (the “Capacity Figures”), a full explanation as to how they have been calculated. In the event that any such Gas Supplier has failed to provide such information prior to the date specified by 2A.2.3.1(a), the Licensee shall ensure that the Quantity Figures and the Capacity Figures are as accurate as possible having regard to the information and forecasts available to the Licensee and shall inform the Authority which Gas Suppliers have failed to provide the required information.
- (c) The Licensee shall promptly provide to the Authority such further information or explanation and access to relevant documents and records, in each case as the Authority reasonably requires, in relation to the Quantity Figures and the Capacity Figures.
- (d) The Licensee may fulfil its obligations under this Condition 2A.2.3.1 by providing the relevant information in a joint report with one or more other Designated Pipe-line Operators which shall comply with this Condition 2A.2.3.1 in respect of the Licensee and each such Designated Pipe-line Operator.
- (e) If, in the Authority’s reasonable opinion, having regard to information and explanations provided by the Licensee and representations made on or before the fourth Business Day in April by parties which the Authority reasonably considers to have sufficient interest in making such representations (such parties to include the Licensee):
 - a Forecast Annual Quantity figure does not represent an accurate estimate taking into proper account all relevant information; and/or

- a Initial Firm Capacity figure does not represent an accurate estimate taking into proper account all relevant information; and/or
- the assumptions provided in accordance with Condition 2A.2.3.1(a)(ii) or 2A.2.3.1(a)(iv) are inappropriate;

the Authority may by notice to the Licensee given on or before the fifth Business Day in April of the relevant Gas Year modify the Forecast Annual Quantity and/or the Initial Firm Capacity figure, such notice to contain an explanation of the reasons for such modification. The modified figure set out in any such notice shall be substituted for and for all purposes treated as the Forecast Annual Quantity and/or the Initial Firm Capacity figure submitted by the Licensee.

- (f) The Licensee shall, not later than the fifteenth Business Day in April submit the Forecast Figures (adjusted to reflect any modification made by the Authority pursuant to Condition 2A.2.3.1(e)) to the PSA for calculation of the Forecast Postalised Charges in accordance with the PSA Agreement.
- (g) If the Licensee fails to provide the Forecast Figures in accordance with, and/or by the date specified in, Condition 2A.2.3.1(a) the Authority shall be entitled on or after the fifth Business Day in April by written notice to the Licensee and the PSA to determine the Forecast Figures. Forecast Figures so determined may at the Authority's discretion either:
 - (i) reflect the Actual Figures in respect of the previous Gas Year; or
 - (ii) be such other figures as the Authority reasonably deems appropriate.
- (h) Not later than the fifteenth Business Day in April, the Licensee shall provide the approved Gas Product Multipliers and Time Factors Table to the PSA once it has received the updated Table from the Authority.

2A.2.3.2 Information relating to previous Gas Year

- (a) In each Gas Year commencing on or after 1st October 2005, for the purpose of Condition 2A.2.6, the Licensee shall submit to the Authority and to the PSA, in each case no later than the tenth Business Day in November, the following information (the “Actual Figures”) for the immediately preceding Gas Year:
 - (i) the Annual Exit Quantity in that Gas Year, together with a breakdown of that figure by Exit Point;
 - (ii) the Actual Firm Capacity by Exit Point; and
 - (iii) the Actual Firm Capacity by Entry Point and by product.

and with the Actual Figures, the Licensee shall provide the Authority and each of the other Designated Pipe-Line Operators with any further information required under any other Condition of this Licence.

- (b) The Licensee shall provide to the Authority such further information or explanation and access to relevant documents and records, in each case as the Authority reasonably requires in connection with its consideration of any differences between the Forecast Figures and the corresponding Actual Figures for the relevant Gas Year.
- (c) If the Licensee fails to provide the Actual Figures in accordance with, and/or by the date specified in, Condition 2A.2.3.2(a) the Authority shall be entitled to determine the Actual Figures as it reasonably deems appropriate and shall inform the Licensee and the PSA by notice of the Actual Figures so determined.

2A.2.3.3 Provision of quarterly information

- (a) In respect of each Gas Year commencing on or after the Designation Date, the Licensee shall no later than 10 Business Days after the end of each Quarter in a Gas Year provide:
 - (i) the Authority; and
 - (ii) all of the other Designated Pipe-line Operators;

with a breakdown of the Quarterly Exit Quantities by Exit Point for the relevant Quarter and any other information required to be provided by the Licensee on a Quarterly basis under this Licence,

with a breakdown of the Quarterly Capacity Quantities by each Entry Point and by each Exit Point for the relevant Quarter.

- (b) At the same time as the Licensee provides the figures required under Condition 2A.2.3.3(a), the Licensee shall confirm to the Authority, the other Designated Pipe-line Operators and each of the PS Gas Suppliers whether it is aware of or has reason to believe that the Forecast Figures provided in accordance with Condition 2A.2.3.1(a) for the remainder of the current or any future Gas Years will or may be materially inaccurate. If the Licensee suspects such material inaccuracy, it shall provide details of the extent of such inaccuracy, and its reasons for such belief.
- (c) The Licensee may fulfil its obligations under this Condition 2A.2.3.3, by submitting, together with one or more other Designated Pipe-line Operators, a joint report which shall comply with this Condition 2A.2.3.3.
- (d) No later than [10] Business Days after the end of each Quarter in a Gas Year the Licensee shall provide to each PS Gas Supplier details of:
 - (i) the aggregate sum of all Quarterly Exit Quantities (whether in the form of a joint report or otherwise) in respect of each Exit Point on the Designated Network; and
 - (ii) the aggregate sum of all Quarterly Capacity Quantities (whether in the form of a joint report or otherwise) in respect of each entry Point and each Exit Point on the Designated Network.

2A.2.4 Duty to co-operate with the PSA and other Designated Pipe-line Operators

The Licensee shall co-operate with the PSA and other Designated Pipe-line Operators with a view to facilitating the PSA in complying with its obligations under the PSA Agreement and to facilitating the other Designated Pipe-line Operators in complying with their obligations under Conditions 2A.2 and 2A.4 of their Respective Licences.

2A.2.5 Forecast Postalised Charges

- 2A.2.5.1 The Forecast Postalised Charges shall be calculated by the PSA and shall comprise a Forecast Postalised Commodity Charge calculated in accordance with Condition 2A.2.5.2 and a Forecast Postalised Annual Capacity Charge calculated in accordance with Condition 2A.2.5.3(b) and a Forecast Postalised Non Annual Capacity Charge calculated in accordance with Condition 2A.2.5.3(c).

For the purpose of this Condition 2A.2.5, Capacity Products include those set out in the Gas Product Multipliers and Time Factors Table.

2A.2.5.2 Forecast Postalised Commodity Charge

- (a) Subject to Conditions 2A.2.5.6, 2A.2.5.7, the Forecast Postalised Commodity Charge to be charged in respect of Gas Year “t” to each Gas Supplier in respect of each kWh of gas allocated to each such Gas Supplier under the Network Code in respect of each Exit Point during that Gas Year shall be calculated in accordance with the following formula:

$$FPCoM C_t = \frac{(PSFRR_t * \text{Commodity Percentage})}{(PS \text{ Forecast Annual Quantity}_t)}$$

where:

“FPCoM C_t” means the Forecast Postalised Commodity Charge for Gas Year “t”;

“Commodity Percentage” means 25% up to 30 September 2020, then 15% from 1 October 2020 and 5% from 1 October 2021.

“PS Forecast Annual Quantity_t” means:

the sum of the Forecast Annual Quantities (as that term is defined in each Designated Pipe-line Operator’s Respective Licence) in respect of all PS Gas Suppliers for the relevant Gas Year “t”; and

“PSFRR_t” means the PS Forecast Required Revenue for Gas Year “t”.

- (b) A Monthly Postalised Commodity Payment shall be calculated in accordance with the following formula in respect of gas allocated to each Gas Supplier for Exit in respect of the previous month, the components of which shall be applied in respect of month “m” in Gas Year “t” and shall be payable by a Gas Supplier “s”:

$$\text{MPComP}_{\text{smt}} = \text{FPComC}_t \times \text{MEQ}_{\text{smt}}$$

where

$\text{MPComP}_{\text{smt}}$ means the Monthly Postalised Exit Commodity Payment payable by a Gas Supplier “s” in respect of month “m” of Gas Year “t”;

FPComC_t means the Forecast Postalised Commodity Charge applicable in respect of Gas Year “t” in accordance with 2A.2.5.2(a); and

MEQ_{smt} means the Exit Quantity allocated to Gas Supplier “s” in respect of an Exit Point and in respect of month “m” of Gas year “t”.

- (c) If the aggregate of the Monthly Postalised Commodity Payments invoiced or to be invoiced to a Gas Supplier “s” in respect of a Gas Year “t” ($\Sigma \text{MPComP}_{\text{st}}$) is less than the product of FPComC_t multiplied by the Minimum Quantity Value in respect of Gas Year “t” for Gas Supplier “s”, the Licensee shall invoice to Gas Supplier “s” in accordance with the provisions of this Licence, an Auxiliary Payment (referred to as Aux_{st}) calculated by the Licensee as follows:

$$\text{Aux}_{\text{st}} = (\text{FPComC}_t \times \text{Minimum Quantity Values}_t) - \Sigma \text{MPComP}_{\text{st}}$$

Such Auxiliary Payments shall be included in the invoice for PS Transmission Payments applicable for the last month in Gas Year “t”.

- (d) The Forecast Postalised Commodity Charge invoiced to a Gas Supplier “s” in respect of a Gas Year “t” or month “m” of Gas Year “t” calculated in accordance with Condition 2A.2.5.2 (a) shall be rounded to seven 7 decimal places.

2A.2.5.3 Forecast Postalised Annual Capacity Charge

- (a) The Total Weighted Forecast Capacity bookings for year “t” for all Firm Capacity held by Gas Suppliers for all time periods in Gas Year “t”, shall be calculated according to the following formula:

$$TWFC_t = \sum[FQ_{pdt} \times w_{pdt}]$$

Where:

“TWFC_t” is the Total Weighted Forecast Capacity bookings for Gas Year “t”

“FQ_{pdt}” is the total forecast capacity booking for Capacity Product “p” in time period “d” of Gas Year “t”

“w_{pdt}” is the product weighting for Capacity Product “p” listed in the Gas Product Multipliers and Time Factors Table in time period “d” of Gas Year “t”, in accordance with the Gas Product Multipliers and Time Factors Table.

- (b) Subject to Conditions 2A.2.5.6, 2A.2.5.7, the Forecast Postalised Annual Capacity Charge to be charged in respect of each kWh/day of Firm Annual Capacity at each Entry Point and Exit Point in respect of Gas Year “t” shall be calculated in accordance with the following formula:

$$FPACapC_t = \frac{PSFRR_t \times \text{Capacity Percentage} \times PMA}{TWFC_t}$$

where:

“FPACapC_t” means the Forecast Postalised Annual Capacity Charge in Gas Year “t”; and

“Capacity Percentage” means 75% until 30 September 2020, then 85% from 1 October 2020 and 95% from 1 October 2021.

“PMA” means the annual product multiplier and/or seasonal factor as appropriate for Gas Year t, in accordance with the “Gas Product Multipliers and Time Factors Table”.

“PSFRR_t” means the PS Forecast Required Revenue for Gas Year “t”.

“TWFC_t” means the Total Weighted Forecast Capacity bookings for Gas Year “t” as calculated in Condition 2A.2.5.3(a).

- (c) The Forecast Non-Annual Postalised Capacity Charge to be charged in respect of each kWh/day of Firm Non-Annual Capacity in respect of Gas Year “t” for each NonAnnual Capacity Product “p” shall be calculated in accordance with the following formula:

$$\text{FPNACapC}_{pt} = \text{FPACapC}_t \times \text{PM}_{pt}$$

“FPNACapC_{pt}” means the Forecast Postalised Non Annual Capacity Charge in Gas Year “t” for Capacity Product “p”

“FPACapC_t” means the Forecast Postalised Annual Capacity Charge in Gas Year “t”; and

“PM_{pt}” means the product multiplier and/or seasonal factor as appropriate for Capacity Product “p” for Gas Year “t”, in accordance with the Gas Product Multipliers and Time Factors Table.

This formula shall not apply to VRF Services, the charge for which shall be determined pursuant to the Gas Transmission Charging Methodology Statement as set out in Condition 2A.2.1.8.

- (d) Where a Capacity Product:

- (i) is subject to an Auction Price, In the event that the Auction Price for the corresponding Capacity Product at the corresponding time period is greater than the Forecast Postalised Annual Capacity Charge or the Forecast Postalised Non-Annual Capacity Charge calculated in accordance with paragraphs (b) and (c) respectively, the relevant auction premium shall be calculated as follows.

The Auction Premium at the auction conducted in Gas Year “a” for each Capacity Product “p” in Gas Year “t” shall be defined as:

$$Pre_{apt} = Auc_{apt} - FPCapC_{pt}$$

“Pre_{apt}” means the Auction Premium for product “p” in Gas Year “t”

“Auc_{apt}” means the Auction Price for Capacity Product “p” in Gas Year “t”

“FPCapC_{pt}” means the relevant Forecast Postalised Annual Capacity Charge or Forecast Postalised Non-Annual Capacity Charge for Capacity Product “p” in Gas Year “t”;

- (ii) is not subject to the provisions of paragraph (i) above, for the purposes of Conditions 2A.2.5.4 and 2A.2.6.4, the value of Pre_{apt} equals 0 (zero).

2A.2.5.4 Monthly invoices to Shippers for capacity products

- (a) For the purposes of this section, the Forecast Postalised Capacity Charges invoiced to a Gas Supplier “s” in respect of a Gas Year “t” or month “m” of Gas Year “t” for each Capacity Product “p” shall be rounded to seven [7] decimal places.
- (b) The Monthly Annual Postalised Capacity Payment for Gas Supplier “s” for Gas Year “t” shall be calculated as:

$$APCP_{st} = \frac{\sum_{a=1}^{15} \{ (FPACapC_{apt} + Pre_{apt}) \times (Q_{stpa}) \}}{12}$$

Where:

$APCP_{st}$ is the Annual Postalised Capacity Payment for Gas Supplier “s” for Gas Year “t”

$FPACapC_{apt}$ means the Forecast Postalised Annual Capacity Charge for Annual Capacity Product “p” in Gas Year “t” in the auction in Gas Year “a”;

Pre_{apt} means the Auction Premium for Capacity Product “p” in Gas Year “t” in the auction in Gas Year “a”;

Q_{stpa} is the quantity of capacity allocated to Gas Supplier “s” for product “p” to be used in Gas Year “t” that was bought in the auction in Gas Year “a”.

- (c) For each Non Annual Capacity Product “p”, a Monthly Capacity Payment (Non – Annual Capacity) amount exclusive of VAT and termination payments shall be calculated for each Gas Supplier for each Entry Point according to the following formula:

$$MPNACapP_{psm} = (FPNACapC_t + Pre_{pmt}) \times NAC_{psmt}$$

Where:

$MPNACapP_{ps}$ means the Monthly Postalised Capacity Payment payable by a Gas Supplier “s” in respect of month “m” of Gas Year “t”. This payment shall be calculated separately for the entry capacity booked at each Entry Point;

$FPNACapC_t$ means the Forecast Postalised Non Annual Capacity Charge applicable in respect of Gas Year “t” in accordance with Conditions 2A.2.5.3(c) and 2A.2.5.3(d);

NAC_{psmt} means the Firm Non- Annual Capacity for Capacity Product “p” held by a Gas Supplier “s” in respect of month “m” of Gas Year “t”

Pre_{pmt} means the Auction Premium for Capacity Product “p” in month “m” of Gas Year “t”. For the avoidance of doubt, these premia may refer to auctions conducted in Gas Years prior to Gas Year “t”, as well as during Gas Year “t”, if they relates to bookings for capacity in Gas Year “t”.

2A.2.5.5 Total monthly invoices to Shippers

- (a) The total monthly capacity and commodity gas costs for Gas Supplier “s” in month “m” of year “t” shall be calculated as the sum of the annual and non-annual invoice amounts calculated in accordance with conditions 2A.2.5.2(a), 2A.2.5.4(b) and 2A.2.5.4(c) above.
- (b) The total invoice amount for Gas Supplier “s” in month “m” of year “t” shall be calculated as follows:

$$TIA_{smt} = (TMGC_{smt}) + T_{smt} + D_{smt} + Aux_{smt} + ORC_{smt} + ERC_{smt} + VAT$$

Where:

“ TIA_{smt} ” is the total invoice amount for Gas Supplier “s” in month “m” of year “t”.

“ $TMGC_{smt}$ ” is the total of Forecast Postalised Charges for Gas Supplier “s” in month “m” of year “t”, calculated in accordance with Condition 2A.2.5.5(a) above.

“VAT” is the appropriate amount of Value Added Tax which will be applied to the applicable elements of the invoice.

“ T_{smt} ” is the amount of the termination payment allocated to Gas Supplier “s” in month “m” of year “t”.

“ D_{smt} ” is the amount of the Debt Payment allocated to Gas Supplier “s” in month “m” of year “t”.

“Aux_{smt}” means Auxiliary Payment payable by Gas Supplier “s” in month “m” of year “t” and calculated in accordance with condition 2A.2.5.2(c) above.

“ORC_{smt}” means the Entry Overrun Charges payable by Gas Supplier “s” in month “m” of year “t”.

“ERC_{smt}” means the Exit Ratchet Charges payable by Gas Supplier “s” in month “m” of year “t”.

2A.2.5.6 Emergency Events

If at any point either within the Gas year or in the period from the date of provision of the Forecast Figures for the next Gas Year referred to in Condition 2A.2.3.1 to the start of the next Gas Year an unforeseen event occurs which the Authority believes is likely materially to affect the Forecast Figures for that Gas Year or the next Gas Year the Authority may at its discretion by notice to the Licensee and the PSA adjust the Forecast Figures in respect of such Gas Year to reflect the effect of such event. The Forecast Postalised Charges for such Gas Year shall be calculated by the PSA in accordance with such adjusted figures.

2A.2.5.7 Amendment to Forecast Postalised Charges

If at any date during any Gas Year (“Relevant Charge Date”) the Department issues a Designation Order, or if any Designated Pipe-line Operator ceases to be a Designated Pipe-line Operator, unless the Authority determines otherwise:

- (a) the Forecast Postalised Charges shall be recalculated with effect from the Relevant Charge Date; and
- (b) the Year-End Postalised Charges shall be calculated in respect of the period up to the Relevant Charge Date and the period following the Relevant Charge Date

in each case as determined by the Authority so that an appropriate proportion only of the Forecast Required Revenue of the relevant Designated Pipe-line Operator (as defined in that Designated Pipe-line Operator’s Respective Licence) shall be taken into account before and after the Relevant Charge Date and such adjustments as the Authority considers appropriate shall be made to the PS Forecast Annual Quantity, PS Annual Exit Quantity, PS Forecast Required Revenue, and Total Weighted Year End Capacity bookings, and notified to the Designated Pipe-Line Operators and the PSA.

2A.2.6 Year-End Postalised Charges

- 2A.2.6.1 The Year-End Postalised Charges shall comprise a Year-End Postalised Commodity Charge calculated in accordance with Condition 2A.2.6.2 and a Year-End Postalised Capacity Charge for each Capacity Product listed in the Gas Product Multipliers and Time Factors Table calculated in accordance with Condition 2A.2.6.3 in each case calculated by the PSA.

2A.2.6.2 Year-End Postalised Commodity Charge

The Year-End Postalised Commodity Charge in respect of each kWh of gas allocated to each Gas Supplier under the Network Code in respect of each Exit Point on each day during a Gas Year “t” shall be calculated as determined in accordance with the following formula, the components of which shall be in relation to Gas Year “t”:

$$\text{YEPComC}_t = \frac{(\text{PSARR}_t - T_t) * \text{Commodity Percentage}}{(\text{PS Annual Exit Quantity}_t)}$$

where:

YEPComC_t means the Year-End Postalised Exit Commodity Charge for Gas Year “t”;

PSARR_t means the PS Actual Required Revenue in respect of Gas Year “t”;

T_t means any Termination Payments payable in respect of PS Transmission Payments relating to Gas year “t”

PS Annual Exit Quantity_t means:

the sum of the Annual Exit Quantities (as that term is defined in each Designated Pipe-line Operator’s Respective Licence) for the relevant Gas Year “t”.

2A.2.6.3 Year-End Postalised Capacity Charges

- (a) The Total Weighted Year-End Capacity bookings for Gas Year “t” for all Firm Capacity products “p” held by Gas Suppliers listed in the Gas Product Multipliers and Time Factors Table for all time periods “d” in Gas Year “t”, shall be calculated according to the following formula:

$$\text{TWC}_t = \sum [\text{YEQ}_{\text{pdt}} \times \text{W}_{\text{pdt}}]$$

Where:

“TWC_t” is the Total Weighted Year-End Capacity bookings for Gas Year “t”

“ YEQ_{pdt} ” is the total outturn year-end capacity booking for Capacity Product “p” in time period “d” of Gas Year “t”

“ w_{pdt} ” is the product weighting for Capacity Product “p” in time period “d” of Gas Year “t” in accordance with the Gas Product Multipliers and Time Factors Table.

- (b) The Year-End Postalised Annual Capacity Charge to be charged to each Gas Supplier in respect of each kWh/day of Firm Annual Capacity in respect of a Gas Year shall be calculated in accordance with the following formula:

$$YPACapC_t = \frac{PSARR_t * \text{Capacity Percentage} * PM_A}{TWC_t}$$

where:

“ $YPACapC_t$ ” means the Year-End Postalised Annual Capacity Charge in Gas Year “t”.

“ PM_A ” means the annual product multiplier and/or seasonal factor as appropriate for Gas Year “t”, in accordance with the Gas Product Multipliers and Time Factors Table.

“ $PSARR_t$ ” means the PS Actual Required Revenue for Gas Year “t”.

“ TWC_t ” means the Total Weighted Year End Capacity bookings for Gas Year “t” as calculated in paragraph 2A.2.6.3(a).

- (c) The Year-End Postalised Non Annual Capacity Charge to be charged to each Gas Supplier in respect of each kWh/day of Firm Capacity at each Entry Point in respect of time period “d” in Gas Year “t” for each Capacity Product “p” shall be calculated in accordance with the following formula:

$$YPNACapC_{pdt} = YPACapC_t \times PM_{pt}$$

“ $YPNACapC_{pdt}$ ” means the Year-End Postalised Non-Annual Capacity Charge in time period “d” of Gas Year “t” for Capacity Product “p”

“YPACapC_t” means the Year-End Postalised Annual Capacity Charge in Year t; and

“PM_{pdt}” means the product multiplier and/or seasonal factor as appropriate for Capacity Product “p” for time period “d” of Gas Year “t”, in accordance with the Gas Product Multipliers and Time Factors Table.

2A.2.6.4 Reconciliation Payments

- (a) For Firm Annual Capacity, pertaining to gas offtaken in Gas Year “t”, there shall be calculated a Reconciliation Unit Charge as follows:

$$(i) \text{ RUC}_{\text{Apat}} = \text{YPACapC}_t - (\text{FPACapC}_{\text{pt}} + \sum \text{Pre}_{\text{apt}})$$

Where:

RUC_{Apat} is the Reconciliation Unit Charge for Firm Annual Capacity pertaining to gas offtaken in Gas Year “t”, including for the auctions held in Gas Year “a” in respect of capacity during Gas Year “t”;

FPACapC_{pt} means the Forecast Postalised Annual Capacity Charge for Gas Year “t”;

Pre_{apt} means the Auction Premium for Firm Annual Capacity product “p” in Gas Year “t” achieved in the auction in Gas Year “a”;

YPACapC_t means the Year-End Postalised Annual Capacity Charge in Gas Year “t”.

- (b) For each Non Annual Capacity Product listed in the Gas Product Multipliers and Time Factors Table, for each time period “d” in Gas Year “t”, there shall be calculated a Reconciliation Unit Charge as follows:

$$\text{RUCNA}_{\text{dt}} = \text{YPNACapC}_{\text{ptd}} - (\text{FPNACapC}_{\text{pt}} + \text{Pre}_{\text{pdt}})$$

Where:

RUCNA_{dt} is the Reconciliation Unit Charge for Firm Non Annual Capacity

FPNACapC_{pt} means the Forecast Postalised Non Annual Capacity Charge (for Capacity Product “p” in Gas Year “t”;

Pre_{pdt} means the Auction Premium for Capacity Product “p” in time period “d” of Gas Year “t”;

$YPNACapC_{pdt}$ means the Year-End Postalised Non- Annual Capacity Charge for Capacity Product “p” in Gas Year “t”;

- (c) For each Firm Annual Capacity Product “p” listed in the Gas Product Multipliers and Time Factors Table in Gas Year “t”, there shall be calculated a Capacity Reconciliation Payment in respect of each Gas Supplier “s” in accordance with the following formula (which, together with the formula contained in Conditions 2A.2.6.4 (b) above and (d) and (e) below, shall be referred to as the “Reconciliation Payment Formulae”):

$$CapARP_{stp} = \sum (RUC A_{astp} \times GS \text{ Firm Annual Capacity}_{astp})$$

where:

“ $CapARP_{stp}$ ” means the Capacity Reconciliation Payment for Firm Annual Capacity payable by or to Gas Supplier “s” in respect of Gas Year “t”;

“ $RUC A_{astp}$ ” is the Reconciliation Unit Charge for Firm Annual Capacity for Gas Supplier “s”, for the Annual Capacity awarded in auctions in Gas Year “a” for Firm Annual Capacity in Gas Year “t” for Firm Annual Capacity product “p”;

“ $GS \text{ Firm Annual Capacity}_{astp}$ ” means the GS Firm Annual Capacity held by a Gas Supplier “s” for the capacity awarded in auctions in Gas Year “a” for Firm Annual Capacity in Gas Year “t” for Firm Annual Capacity product “p”;

- (d) For each Non Annual Capacity Product “p” listed in the Gas Product Multipliers and Time Factors Table, for each time period “d” in Gas Year “t”, there shall be calculated a Capacity Reconciliation Payment in respect of each Gas Supplier “s” in accordance with the following formula:

$$CapNARP_{stdp} = RUCNA_{stdp} \times GS \text{ Firm Non Annual Capacity}_{stdp}$$

where:

“CapNARP_{stdp}” means the Capacity Reconciliation Payment for Firm Non Annual Capacity payable by or to Gas Supplier “s” in respect of Gas Year “t” and Capacity Product “p” for time period “d”;

“RUCNA_{stdp}” is the Reconciliation Unit Charge for Firm Non Annual Capacity for Capacity Product “p” for supplier “s”, in time period “d” of Gas Year “t”;

“GS Firm Non Annual Capacity_{stdp}” means the GS Firm Non Annual Capacity held by a Gas Supplier “s” in respect of Capacity Product “p” for time period “d” of Gas Year “t”.

- (e) A Commodity Reconciliation Payment shall be calculated in respect of each Gas Supplier in accordance with the following formula and shall be due from a Gas Supplier “s” if a positive value, and shall be due to a Gas Supplier “s” if a negative value:

$\text{ComRP}_{st} = E$ or, in the event that E is a positive value, the lesser of E and the sum of 15% of $\Sigma \text{MPComP}_{st}$ plus 15% of any Auxiliary Payments invoiced to that Gas Supplier in accordance with Condition 2A.2.5.1(c)

where:

“ComRP_{st}” means the Commodity Reconciliation Payment payable by or to Gas Supplier “s” in respect of Gas Year “t”;

$E = (\text{YEPComC}_t - \text{FPComC}_t) \times \text{GS Annual Exit Quantity}_{st}$;

“YEPComC_t” means the Year-End Postalised Commodity Charge applied in respect of Gas Year “t”;

“FPComC_t” means the Forecast Postalised Commodity Charge applied in respect of Gas Year “t”;

“GS Annual Exit Quantity_t” means the Exit Quantities of Gas Supplier “s” in respect of Gas Year “t”; and

“ $\Sigma \text{MPComP}_{st}$ ” means the aggregate of the Monthly Postalised Commodity Payments invoiced to a Gas Supplier “s” in respect of a Gas Year “t”.

2A.2.6.5 The Total Reconciliation Payment shall be calculated in respect of each Gas Supplier “s” for Gas Year “t” as:

$$\text{TRP}_{st} = \text{ComRP}_{st} + \text{CapARP}_{stp} + \text{CapNARP}_{stp} - \text{TORC}_{st}$$

Where:

TRP_{st} is the Total Reconciliation Payment to Gas Supplier “s” in Gas Year “t”;

ComRP_{st} is the Commodity Reconciliation Payment for Gas Supplier “s” in Gas Year “t”, calculated in accordance with condition 2A.2.6.4(e) above;

CapARP_{stp} is the Annual Capacity Reconciliation Payment for Gas Supplier “s” in time period “t”, calculated in accordance with condition 2A.2.6.4(c) above;

CapNARP_{stp} is the Non-Annual Capacity Reconciliation Payment for Gas Supplier “s” in time period “t”, calculated in accordance with condition 2A.2.6.4(d) above;

TORC_{st} is the proportion of the total of the Entry Overrun Charges due to Gas Supplier “s” in Gas Year “t” calculated according to the following formula:

$$\text{TORC}_{st} = (\sum_{s=1}^n \text{ORC}_{st}) \times \frac{\text{TIA}_{st}}{\sum_{s=1}^n \text{TIA}_{st}}$$

where:

$\sum_{s=1}^n \text{ORC}_{st}$ is the aggregated sum for all gas Suppliers of the Entry Overrun Charges in Gas Year “t” calculated as follows:

(a) The sum of monthly overrun charges as defined in Condition 2A.2.5.5

plus

- (b) any Non-IP Entry Overrun Charges for Gas Year “t”, calculated in accordance with Part 3 of the gas conveyance licence granted pursuant to Article 8(1)(a) of the Order and held by Premier Transmission Limited;

$\sum_{s=1}^n \text{TIAst}$ is the total invoice amount for all Gas Suppliers in Gas Year “t”, calculated as follows:

- (a) the total aggregated sum of the monthly invoice amounts, excluding the amounts relating to VAT, in Gas Year “t” for all Gas Suppliers, as calculated according to Condition 2A.2.5.5;

plus

- (b) the total aggregated sum of the monthly invoice amounts, excluding the amounts relating to VAT, in Gas Year “t” for the Stranraer Shipper, as calculated in accordance with Part 3 of the gas conveyance licence granted pursuant to Article 8(1)(a) of the Order and held by Premier Transmission Limited;

n is the total number of Gas Suppliers active in Gas Year “t” plus, for the purposes of this calculation, the Stranraer Shipper.

The Total Reconciliation Payment shall be due from a Gas Supplier “s” if a positive value, and shall be due to a Gas Supplier “s” if a negative value.

2A.2.7 Publication of Postalised Charges

Subject to any contrary requirements in this Condition 2A, the Licensee shall publish in such form and manner as the Authority may direct:

- (a) no later than 31st May each year the Forecast Postalised Charges, or revised Forecast Postalised Charges as calculated under Condition 2A.2.5.3, in respect of the next Gas Year and each of the following four Gas Years, a statement of such charges; and
- (b) no later than 3 Business Days after notification to it by the PSA of the Year-End Postalised Charges in respect of a Gas Year, a statement of the Year-End Postalised Charges; and
- (c) no later than 3 Business Days after notification to it by the Authority of any amendments to Forecast Postalised Charges required under Condition 2A.2.5.7, a statement of the amended charges; and
- (d) no later than 31st May each year, the Gas Product Multipliers and Time Factors Table.